# FINANCIAL TIMES

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## WORLD NEWS

### Government sets out ILEA plan

The Labour-controlled Inner London Education Authority is likely to disappear in its present form within three years.

Education Secretary Kenneth Baker released a consultation paper setting out the terms on which boroughs will be able to opt out of ILEA and run their own education service. Three Conservative boroughs - Kensington and Chelsea, Westminster and Wandsworth - are already planning to leave ILEA. **Back Page**

### Tebbit to resign

Mr Norman Tebbit is set to step down as Conservative Party chairman after the party's conference in Blackpool next month. Lord Young, Trade and Industry Secretary, is expected to succeed him. **Page 4**

### Merger support likely

Liberal leaders are confident of overwhelming support for the principle of merger with the Social Democratic Party at their assembly in Harrogate. Allies of party leader David Steel predict a majority of 10 to 1. **Back Page**

### TUC post for Jenkins

Clive Jenkins, general secretary of the science and technical union, ASTMS, was elected chairman of the new TUC General Council which met immediately after the close of the Blackpool Congress. **Page 5**

### Preforia constitution plan

The South African Government issued revised proposals for a national statutory council in which blacks would be able to discuss policy and help draw up a new constitution. **Page 3**

### Ceasefire in Chad

Libya and Chad have agreed to a ceasefire in their conflict over the Aouzou Strip. Chad made acceptance of any ceasefire dependent on an immediate convening of the Organisation of African Unity's special committee on the dispute. **Page 3**

### RAF men face charges

Two RAF men face prosecution for allegedly injuring a policeman in a brawl before England's soccer match against West Germany in Dusseldorf on Wednesday.

### Ryan's house razed

The Hungerford house where mass-killer Michael Ryan lived was flattened by bulldozers. Newbury District council decided against repairing the house

### US base threat

Portugal will renegotiate a treaty that allows the US to use an air base on the Azores unless the US offers it more aid.

### Unionist quits

General secretary of the Official Unionist Party Frank Millar has resigned to take a television job. **Page 4**

### Double Irish raid

Armed gangs netted £3,000 in simultaneous raids on two banks in Castlepollard in County Westmeath in Ireland. The raids were similar to those thought to have been carried out by the Irish National Liberation Army in recent months.

### Israeli adviser sacked

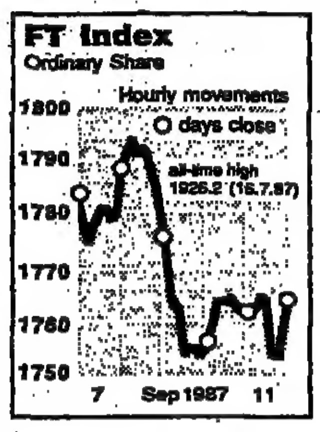
Amiram Nir, a key Israeli figure in the Iran arms scandal, was removed from his post as Prime Minister Yitzhak Shamir's advisor on counter-terrorism. Lt.Col Oliver North said Nir initiated the transfer of proceeds from the arms sales to the Contras.

## BUSINESS SUMMARY

### £270m unit trust bid launched

**PENSION FUND** Property Unit Trust saga took another turn yesterday as Banque Paribas Capital Markets, with property group Tops Estates, launched a £270m offer, beating the £263m bid from Mountleigh recommended by PFPUT's management committee. **Back Page**

**LONDON** stock markets went into reverse after the announcement of US trade figures. A firmer trend emerged later and indices closed at the day's best. The FT Ordinary index finished 2.5 up at 1,763.8 and the FT-SE index added 8.0 at 2,261.2. **Page 11**




**ANNUAL** inflation rate in Britain remained at 4.4 per cent in August, but the Government is confident of a fall by the end of the year. The month-on-month rise of 0.3 per cent was slightly higher than economists expected. **Back Page**

**MIDLAND** Bank is to become the first clearing bank to keep some branches open past 3.30pm. **Page 4; Lex, Back Page**

**EC** finance ministers will be asked today by central banks to approve closer monetary and economic co-operation. This could increase pressure to bring sterling into full participation in the EMS exchange rate system. **Page 2**

**M & G**, Britain's biggest unit trust company, is to lose a third member of its long-established senior staff when M&G Securities managing director David Tucker retires at 48. **Page 4**

**PHILIPPINES** Central Bank Governor Jose Fernandez tendered his resignation. **Page 2**

**AUSTRALIAN** trade unions rebuffed proposals by Labor Prime Minister Bob Hawke to allow private ownership of public enterprises. **Page 2**

**ISRAEL'S** trade deficit widened by 50 per cent in the first half of 1987, against a year earlier, to a record $2.2bn (£1.3bn). **Page 3**

**W H SMITH** has frozen the sale of its 50 per cent stake in Book Club Associates, biggest UK book club, to Bertelsmann of West Germany pending the outcome of a Monopolies Commission investigation. **Back Page**

**MONTEDISON**, Italian chemicals group, is to pay $1.49bn (£906m) for the 38.7 per cent of Himont, polypropylene resin producer, owned by Hercules of the US. **Back Page**

**SIEBE**, UK engineering group, is to pay $227.5m (£138m) for Barber-Colman, the third US controls company it has bought in a year. **Page 8; Lex, Back Page**

**B and I Line**, Irish state-owned shipping company, wants to halve its 1,500 workforce and cut wages by up to 12.5 per cent to try to stem losses. **Page 2**

**NEWMONT Mining**, US gold and energy group part-owned by Consolidated Gold Fields of the UK, rejected a $6.3bn (£3.8bn) bid from T Boone Pickens. **Page 10**

# Deficit in US trade hits record $16.5bn after imports surge

BY STEWART FLEMING, US EDITOR IN WASHINGTON

THE US trade deficit rose to a record $16.5bn in July as imports surged and export growth petered out.

In the financial markets the trade figures had been anxiously awaited amid fears that if the deficit was much worse than expected the dollar could plunge. That happened last month after Washington reported a $15.7bn deficit for June.

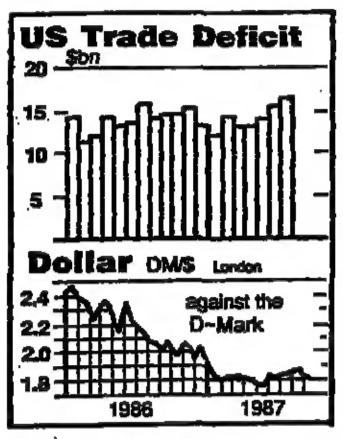
Although the dollar and bond prices fell sharply on yesterday's news, the markets quickly stabilised. There was some relief the figures were not worse; fears that the July deficit might be as high as $19bn were dispelled.

In London the dollar closed at DM1.8005 compared with Thursday's London close of DM1.8065.

Against the yen, it edged higher to close at Y142.8 against Y142.5. The pound ended in London at $1.6505, up from Thursday's $1.645.

Despite the record trade deficit, the fourth successive monthly increase, both US Government officials and private economists said the nominal figures obscured the underlying improvement in the trade figures in volume terms which has been evident this year.

Mr William Griggs, an economist with the Wall Street firm Griggs and Santow, predicted that, partly because of seasonal swings, the August trade deficit would be smaller. Some private economists concluded that it was unlikely that the Federal




Reserve Board, the US central bank, would be forced to raise the discount rate again to support the markets as it did last week.

But the latest trade report will tend to lend support to those calling for a further decline in the dollar to help the US trade balance.

The latest deterioration in the nominal trade deficit comes at an awkward time for the White House. In the next few weeks Congress will be working out the final details of the massive omnibus Trade Bill.

The Administration's ability to fend off protectionist provisions in the proposed law and to dilute provisions which would reduce the President's discretion in applying US trade laws has been weakened by the renewed deterioration in the nominal trade figures in May, June and July. Earlier in the year it seemed that the Administration's dollar devaluation strategy had begun to take effect in reducing the nominal deficit.

In July imports to the US rose to a record $37.5bn, up $700m compared with June, mainly as a result of high oil imports. The June import figure was $32.8bn above the monthly average for the first six months of the year. Manufactured imports, at $28.3bn, were unchanged from June.

A broadly-based decline in exports of manufactured goods, partly offset by increased aircraft, telecommunications and agricultural sales, left exports down $100m at $21bn, but still $1bn above the January to June average of $20bn.

Mr Griggs said the July data did not alter the overall outlook for the trade deficit. "We are going to have an improvement in the trade figures, but it will be modest and come slowly".

**Gordon Cramb in New York writes:** *The dollar was trading* steady to higher by early afternoon in New York as the markets set aside their worst fears. Although the deficit was towards the top end of expectations, the imminent release of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**Money Markets, Page 12; Lex, Back Page**


# Condition set by Iran to study Gulf ceasefire

BY OUR FOREIGN STAFF

THE IRANIAN leadership will tell Mr Javier Perez de Cuellar, the UN Secretary-General, in Tehran today that it is prepared to consider accepting a ceasefire in the Gulf war if the UN Security Council condemns Iraq as the original aggressor in the conflict.

Mr Perez de Cuellar, who is visiting Iran and Iraq with the full backing of the Security Council, arrived in Tehran last night and will be in Baghdad on Monday and Tuesday before reporting back to the council later in the week.

His mission is seen by the US and the Soviet Union as the last diplomatic chance to secure implementation of an earlier UN call for an end to hostilities and to avert moves towards imposing an international arms embargo on Iran for non-compliance.

As he began his trip, a temporary truce appeared to take hold in the war, with neither side reporting any attacks after a brief but fierce upsurge in fighting earlier in the week. However, although Mr Perez de Cuellar expressed optimism before he left New York, diplomats in the region still consider his chances of success to be slim.

In Baghdad, the UN chief will be told by President Saddam Hussein that Iraq will accept the ceasefire resolution provided Iran does likewise.

In Tehran yesterday, Iranian leaders spelt out the message they will be conveying to Mr Perez de Cuellar, which is that they see positive points in the Security Council's July ceasefire resolution, but cannot agree to implement it until Iraq is branded as the original aggressor.

President Ali Khamenei, considered to be a hardliner on foreign policy issues in the government, said: "We gladly receive the Secretary-General and are ready to listen to just words...But we will not accept the unjust word."

Mr Ali Akbar Hashemi Rafsanjani, the influential speaker of parliament who is considered to be the leading pragmatist in authority, said naming Iraq as the aggressor was "the only key to solve this issue...It is a positive point which must take place before a ceasefire is announced. We say the aggressor must be named first and then the way would be paved for other issues to be solved."

Iran is alarmed at the growing united international pressure, and is soft-pedalling on its consistent demand for the removal of President Saddam Hussein as a pre-condition for a settlement, with a view to drawing the UN chief into negotiations and heading off pressure for sanctions.

Mr Perez de Cuellar, who will see President Khamenei and Mr Rafsanjani as well as Mr Mir Hussein Mousavi, the Prime Minister, and Mr Ali Akbar Velayati, the Foreign Minister, will point out that the Security Council has promised to set up an independent inquiry on the origins of the Gulf war, which goes some way towards meeting Iranian concerns.

However, his mission is aimed simply at implementing the ceasefire resolution rather than renegotiating it, and there is no sign that the Security Council is prepared to make further concessions. Diplomats believe it may therefore founder on the central Iranian demand, leading inevitably to pressure from the US for a UN ban on arms sales to Iran. Mr Perez de Cuellar has said there is no chance that he will engage in shuttle diplomacy between the two belligerents.

The talks in Tehran will also be complicated by what appear to be serious differences within the Iranian leadership. Mr Perez de Cuellar sought to overcome this difficulty by asking for a joint meeting with three or four of the most senior figures, but this request was turned down.

The UN mission is accompanied by an almost unprecedented display of consensus between the US and the Soviet Union, which agree on the urgent need to end the Gulf war and are impatient with what they see as Iranian stalling over a ceasefire.

Moscow, in an effort to assist the visit, has put pressure on Iraq to stop its attacks on tankers while it is underway, and is delaying implementation of economic agreements recently signed with Iran.

The Soviets, who are major arms suppliers to Iraq, have also rebuffed attempts by Iran to seek a military relationship, according to Arab diplomats in Moscow. They have made clear that they will not block moves towards an arms embargo on Tehran in the event of deadlock.

According to the New York Times, both the US and the Soviet Union have also made the unusual move of formally protesting to Libya for allegedly supplying mines to Iran.


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**Editorial Comment, Page 6**


## WEEKEND FT



# French financial group in battle for Equity & Law

BY NICK BUNKER

THE BATTLE for Equity & Law, the UK life assurance company, intensified yesterday when Compagnie du Midi, the French financial services group, launched a cash bid valuing the British group at £403m.

Compagnie du Midi, headed by Mr Bernard Pagezy, said there were, "huge potentialities" for applying the expertise of British insurance companies in Europe, where the life market was far less sophisticated than in the UK.

Equity & Law and Baring Brothers, its merchant bank adviser, rejected the offer, which came just one week after Mr Ron Brierley, the New Zealand financier, made a hostile takeover bid valuing Equity & Law at £367m.

City analysts pointed out however that Equity & Law's response to the French group was couched in milder language than its dismissal of Mr Brierley's bid as "wholly unwelcome." They took this as a sign that Equity & Law's board might accept the French bid at a higher price.

Mr Chris Brocksom, Equity & Law's chief executive, appeared to reinforce this view by saying that the board had turned down the offer because, "we did not regard it as putting a correct value on the company." He stressed however that Equity & Law, "cherished its independence."

He added that Equity & Law and Compagnie du Midi had held fruitless talks earlier this year about some kind of business partnership.

Compagnie du Midi's bid values Equity & Law at 400p per share. Mr Brierley - whose bid valued it at 365p per share - has a 29.6 per cent stake in the group, built up at an average price of about 305p per share. He could not be reached for comment. Equity & Law's shares closed up 27p at 417p last night.

With a capitalisation on the Paris Bourse of FFr20bn (£2bn), Compagnie du Midi is a holding company for interests ranging from banking to beer, but is best known as the owner of Assurances du Groupe de Paris (AGP), one of the biggest private sector French insurers.

AGP is primarily a non-life insurance company, with two-thirds of its operations in France.

Mr Pascal Vienot, chief financial officer of Compagnie du Midi said the context for the Equity & Law bid was the European Community's goal of breaking down barriers to a free market in financial services in Europe by 1992.

He said Compagnie du Midi had a goal of creating, "a multinational insurance company with a large part of its operations in Europe." Equity & Law – well-established in Holland and West Germany – would spearhead expansion of the French group's life assurance activities in the EC's major countries.

When asked after Equity & Law's rejection of the bid yesterday whether Compagnie du Midi would raise its offer, Mr Vienot said the future of Equity & Law was, "a question of philosophy, not price."

The French group and Kleinwort Benson, its merchant bank, yesterday praised Equity & Law's management, philospohy and commitment to its policyholders, and said it would operate the British concern as a separate entity.


**Background, Page 8; Lex, Back Page**


# BP may offer loyalty bonus

BY PHILIP COGGAN

A LOYALTY bonus looks certain to be part of British Petroleum's £7.5bn share offer when it is launched next month.

Some 3m people have registered with the BP share information office to find out about the offer - the biggest ever in the UK in cash terms, with more than 150,000 inquiries currently coming in a day - the company announced yesterday.

All those who register before a cut-off date, yet to be announced, will be entitled to an allocation of shares. BP's research has indicated that this might be as many as 14m people. About 7.5m people registered with British Gas before its £5.6bn flotation at the end of last year, with 4m eventually applying for shares.

The level of public interest reflects the success of the marketing strategy, which has included a direct mailing to 9m potential applicants. N.M. Rothschild, the merchant bank handling the issue, has slanted the offer heavily towards private investors, with payment in three instalments and cut-price dealing commissions.

With such a large number of small investors likely to become BP shareholders, market makers on the Stock Exchange are concerned that the settlements system will be swamped with sell orders when dealings open.

A loyalty bonus such as was offered to shareholders in British Telecom and British Gas would reduce the number of early sellers and might also dissuade overseas investors, who are being invited to apply under a separate tender offer, from selling their shares and creating the so-called "flowback" problem as they come back to the UK.

However, petrol coupons for shareholders similar to the reduction in telephone and gas bills offered to BT and British Gas investors have been ruled out as impractical. The most likely alternatives are bonus shares and a special dividend, although both have their problems.

Unlike the British Gas, BT or British Airways offers for sale, BP is already traded on the stock market and the company is limited in the incentives it can offer to new shareholders alone. It seems likely that the Government would have to finance any loyalty bonus itself, either by retaining some shares to offer as a bonus or by paying the extra dividend.

Bonus shares seem to be the likeliest choice. About 60 per cent of applicants in the BT and British Gas offers opted for extra shares instead of potential reductions in their bills.

## MARKETS

**DOLLAR**

New York lunchtime:
DM 1.7975
FFr 6.0125
SFr 1.488
Y142.6
London:
DM 1.8005 (1.8065)
FFr 6.025 (6.0425)
SFr 1.4895 (1.495)
Y142.8 (142.5)
Dollar index 100.4 (100.8)
Tokyo close Y142.53

**US LUNCHTIME RATES**

Fed Funds $7\frac{1}{16}$%
3-month Treasury Bills:
yield: 6.52%
Long Bond: 94
yield: 9.47%

**GOLD**

New York: Comex Dec latest
$465.1
London: $459 (460)

**STERLING**

New York lunchtime $1.652
London: $1.6505 (1.645)
DM 2.9725 (same)
FFr 9.945 (9.94)
SFr 2.4575 (2.46)
Y235.75 (234.5)
Sterling index 73.1 (72.9)

**LONDON MONEY**

3-month interbank:
closing rate $10\frac{1}{8}$% ($10\frac{3}{16}$)

**NORTH SEA OIL**

Brent 15-day October (Argus)
$18.175 ($18.435)

**STOCK INDICES**

FT Ord 1,763.8 (+2.5)
FT-A All Share 1,155.64 (+0.3%)
FT-SE 100 2,261.2 (+8.0)
FT-A long gilt yield index:
High coupon: 9.97 (10.04)
New York lunchtime:
DJ Ind Av 2,575.10 (+25.83)
Tokyo:
Nikkei 22,828.27 (+33.03)

*Chief price changes yesterday: Back Page*

## CONTENTS




Austria Sch22; Bahrain Din0.650; Bermuda $1.50; Belgium BFr48; Canada C$1.00; Cyprus C£0.75; Denmark DKr9.00; Egypt E£2.25; Finland Fmk7.00; France FFr6.50; Germany DM2.20; Greece Dr100; Hong Kong HK$12; India Rup15; Indonesia Rp3,100; Israel NS3.50; Italy L1600; Japan Y600; Jordan Fils 500; Kuwait Fils 500; Lebanon £L125; Luxembourg LFr48; Malaysia Rin4.25; Mexico Pes300; Morocco Dh6.00; Netherlands Fl3.00; Norway NKr8.00; Philippines Pes20; Portugal Esc100; S.Arabia Rls6.0; Singapore S$4.10; Spain Pta125; Sri Lanka Rup30; Sweden SKr8.00; Switzerland SFr2.20; Taiwan NT$85; Thailand Bht50; Tunisia Din0.800; Turkey L500; UAE Dh6.50; USA $1.00.

SELLING PRICE IN IRELAND 60p

# Philippines Central Bank chief offers resignation

BY RICHARD GOURLAY

THE GOVERNOR of the Philippines Central Bank, Mr José Fernandez, *yesterday tendered* his resignation to President Corazon Aquino, joining the 24 Cabinet members who offered to quit on Wednesday.

The resignation offers are aimed to give Mrs Aquino a free hand to rebuild an administration jolted by internal bickering after a series of major strikes and a failed coup attempt last month.

Two businessmen on the Monetary Board, which regulates many of the country's financial matters, also tendered resignations, so all members of the official economic team have now offered to go.

Politicians and observers agree that Mrs Aquino needs to take soon the difficult decision on whom to fire and retain, so as to arrest a sense of drift and indecision that has developed even among her traditional allies. Some new appointments could be announced this week*end.*

Mr Fernandez—with Mr Jaime Ongpin, Finance Secretary—spearheaded the recent debt renegotiation with international bankers for \$10.2bn of the country's \$28bn foreign debt. *He was made Central* Bank governor in 1984 when Mr Ferdinand Marcos was still president. Mr Ongpin insisted that he be retained, when Mrs Aquino came to power 18 months ago, for continuity's sake.

Meanwhile, as though Mrs Aquino did not have enough troubles with resignations, renegade troops, communist-led rebels and strikes, she now has to contend with a hundred newborn babies named after the man she ousted, Ferdinand, and his wife, Imelda.

*Thousands* of supporters of the Marcoses celebrated his 70th birthday yesterday with a mass christening and rally. No babies carried the family surname—or at least owned up to it—but one unsuspecting tot, already a little Tolentino (the surname of the former dictator's vice-presidential running-mate in the 1986 election), was *among those christened* Ferdinand.

Many of the Ferdinands and Imeldas slept through the ceremony, dribbled and were generally unaware of their first political act in a country that loves its politics. Few appeared very impressed. Asked by this reporter whether he was a Marcos loyalist, one of the month-old Ferdinands merely bawled.

His matronly mother—whose maturity suggested the baby might have been borrowed—said "we will tell him that our president, Ferdinand Marcos, is a good president."

# Pretoria issues election plan

BY ANTHONY ROBINSON IN JOHANNESBURG

THE SOUTH African Government yesterday issued its revised proposals for a national statutory council in which black people will be able to discuss policy and help draw up a new constitution.

The revised bill divides South Africa into nine black electoral regions the boundaries of which closely follow those of the nine existing economic regions. Every black South *African citizen over* 18 will be entitled to vote for candidates in the nine constituencies.

The council would be chaired by President P. W. Botha and will be made up of the nine elected members, the chief minister, or delegated cabinet minister, from each of the six "non-independent homelands," the chairman of the ministers council in each of the white, *coloured and Indian Houses of* Parliament, the Minister of Constitutional Development, other cabinet members at the President's discretion and up to 10 other people chosen by the president.

Presenting the new bill in parliament, Mr Charles Heunis, the Minister for Constitutional Development, said organisations wishing to put up candidates would be able to register and provision would be made for individuals to stand as candidates.

Black South Africans marked the 10th anniversary of the death of the black consciousness leader Mr Bantu Steven Biko yesterday and *police reported renewed* political violence.

A police buletin said an unidentified yyouth was killed by two bullets after political rivals attacked a house in Sweet Waters in Natal on Thursday. It said security forces had been stoned at two other black townships.

Mr Biko died from head injuries while in police custody in the Indian Ocean city of Port Elizabeth.

The Weekly Mail newspaper reported ysterday it had established that five of the police officers involved in Mr Biko's interrogation had been promoted and their former commander now worked for a life insurance company.

Up to now most "moderate" black leaders have refused to participate in the proposed *council unless the government* released Mr Nelson Mandela and other jailed African National Congress leaders, unbanned organisations such as the ANC, and allowed them to participate.

The government appears to be preparing to release some of the oldest and infirm of ANC leaders, such as Mr Govan Mbeki, but is still hesitating over the release of Mr Mandela.

The revised bill will go before a joint standing committee of *all three houses where it is* likely to face strong opposition from both the right-wing Conservative Party and liberal white and "coloured" parties.

Radical opponents of the government's neo-apartheid policies have called for boycotts of all government-sponsored elected bodies for black people, such as the black local councils and rejected the tricameral parliament with its radically-*segregated chambers.*

The government has refused to contemplate a fourth chamber for black people. Its national council proposal is an attempt to associate black people with the decision-making process "at the highest level" without conceding the formula of one man one vote in a unitary state demanded by the ANC and the United Democratic Front.

● Six leading members of the legal internal wing of the South West Africa People's Organisation (Swapo) who were detained three weeks ago for interrogation about a bomb blast in the Namibian capital Windhoek on July 17, were released yesterday.

# Australian public sector backed

BY CHRIS SHERWELL IN SYDNEY

AUSTRALIA'S powerful trade union movement yesterday rebuffed proposals from Mr Bob Hawke, *Prime Minister in the* Labour party government, to allow private ownership of public enterprises.

The Australian Council of Trade Unions, concluding its weeklong biennial congress in Melbourne, unanimously supported a recommendation from its executive that existing public enterprises remain under a "full" public ownership and control.

The vote came despite a direct appeal from Mr Hawke on Wednesday for a policy of examining the merits of public ownership in specific cases, particularly at a time of budgetary constraints.

Moderate leaders of the Actu insisted that the tough motion passed by the Congress still allowed individual enterprises to be scrutinised, to ensure that they were competitive and providing services at a reasonable cost.

It remains far from clear, though, what might happen to public enterprises if the government were unable to provide additional equity funds or guarantee fresh borrowings.

Mr Hawke himself has confirmed that Australia Post and Telecom will not be privatised. The strong candidates for private ownership are clearly Qantas, the international airline, and Australian Airlines, the domestic carrier.

Other federal government entities mentioned as possibilities include the Commonwealth Bank and the Overseas Telecommunications Commission.

The Actu vote means the privatisation debate, launched by Mr Hawke last month, has entered a new phase, with the prime minister on a collision course with the union movement.

# Liberals rout the Tories in Ontario

BY DAVID OWEN IN TORONTO

MR DAVID PETERSON'S Liberal Party won a landslide victory in provincial elections in Ontario this week, routing the once omnipotent Conservatives.

The party won 95 of the 130 electoral ridings at stake, compared with 19 for the left-of-centre New Democratic Party and 16 *for the Tories.*

The Conservative leader, Mr Larry Grossman, lost the Toronto seat his family had held since 1955. He immediately vowed to step down after seeing the party through "*a reasonable transition* period."

NDP leader Mr Bob Rae, whose party is now the official opposition in spite of winning six seats fewer than it did in 1985, fared little better. Following a nip-and-tuck battle with Liberal Mr Alan Tonks, Mr Rae was returned by fewer than 300 votes after a recount.

*The result gives the Liberals,* whose fortunes on a national level are at a low ebb, their first majority for 50 years in Canada's most powerful and industrialised province.

In 1985, the party had ended *42 years of Conservative rule* in Ontario by signing a power-sharing agreement with the NDP.

It also confirms Mr Peterson as the man to watch in the Liberal camp and a potentially pivotal figure in Canada's ongoing efforts to implement a bilateral free trade deal with the US.

So many of the issues under discussion fall under provincial jurisdiction that it would be hard for Ottawa to implement a pact without the co-operation of the most influential provin*cial premiers.*

# Opec output quotas enforcement sought

By Richard Johns in Vienna

A THREE-MAN delegation headed by Mr Rilwanu Lukman of Nigeria, president of the Organisation of Petroleum-Exporting Countries (Opec), is to appeal directly to leaders of member states in a bid to enforce observance of agreed production quotas.

He plans to start his mission with a trip to the Gulf in the first week of October, accompanied by Mr Arturo Hernandez and Dr Subroto, respectively the energy ministers of Venezuela and Indonesia. Gulf producers, making up half Opec's members, have been almost totally responsible for the group's excessive output since *the last ministerial* conference here agreed a 16.6m-barrels-a-day ceiling on collective output.

The five ministers consulting here, including also Mr Hisham Nazer of Saudi Arabia, and Mr Belkacem of Algeria, also agreed in principle that an independent arbiter be chosen again to monitor actual levels of members' production. But *appointment of such a monitor* would depend on agreement by heads of state, Dr Lukman made clear.

"Since it has serious political implications, we might as well do a bit of preparatory homework and find out at least if it will be acceptable," he said to reporters. "If not, it can be modified to make it acceptable and workable," he added.

In 1985, Opec hired a firm of Dutch accountants, Kleyenveld Kraayehoff, to scrutinise actual output levels, before Opec's decision at the end of that year to give priority to recovery of "market share." Certain members, however, made the firm's job impossible.

The meeting of the two committees here was obviously motivated by the aim to clarify Opec's will to maintain prices at a level based on a central reference of \$18 per barrel, established in Geneva last December.

Dr Lukman and other *senior delegates went out of* their way to dispute estimates of Opec over-production during the past two months, attributing it to the flare-up in the Gulf conflict between Iran and Iraq.

The communique issued after the meeting said, "it was generally felt that the increase in production was due, among other things, to uncertainty and anxiety of consumers and producers over recent developments in the Middle East." Opec's president went out of his way to emphasise that actual output levels have been falling and he denied that the rate had been as high as some oil companies and analysts put it.

In August, it has only been 1m to 1.2 b/d above the notional ceiling reached here in June. In practice this assumed Opec output of at least 18m b/d because of inevitable breaches of quotas—not least by Iraq, which was not a party to the accord. The limit set was 16.8m b/d.

Nigeria's chief delegate here showed a determination to convince the market of Opec's resolve to hold the line.

There was, even so, a general feeling that events in the Gulf and the exacerbation of the war there had put Opec's attempt at price control out of reach for the present.

The presence here of Hossein Kazempour Ardebili, Iran's Deputy Oil Minister, was regarded as a sign of Tehran's wish to maintain a measure of collaboration with Riyadh on the question of stabilising the oil market, in *spite of the bloody events in* Mecca during Hajj early in August. His contacts with the media were resented by some delegates. It was not immediately known whether he had had any direct contact with Mr Nazer.

Haig Simonian on a market ranging from sable to cats and hamster

# West Germany leads in the fur trade

IT WILL soon be fur coat time again in West Germany. While some pull out last winter's numbers and others make room for something new, one thing is certain: German wardrobes are already bulging with furs by international standards.

The Germans buy more furs than anyone else. Turnover in the US and, most of all, Japan has been rising recently, but sales per capita in Germany are still ahead. Even in *absolute* terms, Germany has only recently fallen behind the US, with sales of slightly under \$2bn against just over \$2bn in the US.

"Every German woman has *an average of 1.5 furs,*" says Mr Juergen Thorer of Thorer & Hollender, a leading Frankfurt fur trader, processor and manufacturer. "It used to be that buying your wife a fur was a sign that you had 'arrived' in Germany," he says.

Whether it is because of its famed affluence, its colder winters, or just the fact that there seem to be more attractive women in the streets, the Germans' fancy for fur is most striking in Munich. A late summer stroll through some of its ritzy shopping streets says it all. Animal skins in general, whether furry or not, are immensely popular here.

The German taste for fur and leather is a measure of both their tradition and their affluence. The popularity of furs stretches back to the days of the "Kleiderordnung" (dress code), which set out the different types of furs that could be worn, depending on one's social rank. The higher up the ladder, the rarer the skin one could wear.

In the rubble of Germany's devastated cities after 1945, furs were obviously a low priority. But sales raced ahead as the country recovered economically. Continuing high demand means quality garments do not cost the earth. Sable and *Black Glama* mink may remain in the realm of the mega-rich, but even a well-paid

The history of the German fur business is a saga of Europe's political upheavals

Gastarbeiter (guest worker) can usually run to a leather jacket or a skirt for his wife.

The history of the German fur business is a mini-saga of Europe's own political upheavals this century. The trade, orginally based in Leningrad, gradually moved to Leipzig as the political climate in Russia worsened, with the shift sealed after 1917.

"In Leipzig 80 per cent of *trading was in the hands of* Jewish firms," says Mr Thorer. That all changed under the Nazis, whose tight exchange controls crippled the trade and triggered an exodus to London and New York on both racial and economic grounds.

After the war the business gradually shifted to Frankfurt. Its mantle as the fur capital of the world has been slipping since 1980 as the German market has largely passed saturation point.

However, exports have been stepped up to compensate, and now account for around a third of Frankfurt's business against a quarter before 1980. As a result, the city still accounts for about 35 to 40 per cent of the world's skin imports, against some 65 per cent before 1980.

Frankfurt's 330 or so fur companies, tucked away in the *unlikely surroundings of the* red light district around the railway station, range from small five-*man family outfits to* Rosenberg & Lenhart, the biggest, with 120. Most are German, though there is also a substantial Greek presence. Jewish firms are now pretty thin on the ground.

Furs may be the up-market end *of the business,* but the appeal of animal skins in general in Germany sometimes approaches the bizarre. For it is not just well-known skins like fur, mink and fox which are widely available here, but sometimes more domestic creatures, like hamsters and cats.

Sensitive British animal lovers may blanch. But Loden Frey, the established Munich coat company, was pushing its new hamster-linings earlier this year on both fashion and practical grounds.

And what better way to prove the fact that European countries retain their cultural peculiarities despite the constant drift to common political and economic denominators, than the recent cross-Channel squealing over cats.

Cats are popular here as pets. But they also have other attractions. Cat-skin coats used to be big in the 1950s, when they offered a cheaper and lighter alternative to the furs many people liked but not all could afford. "A good cat-skin coat is still an attractive item," says *Mr Thorer, though* they are harder to come by now.

But there are many uses for a dead cat in today's Germany. Not all are readily understood in the UK. Take the "medical" use of cat's fur, which has a reputation here for easing suffering inrheumatism and circulatory problems.

It may be *an old wives'* tale, but buoyant sales of cat's fur products prove that many believe it. Steingraf, a firm in Bad Homburg, north of Frankfurt, which has the German cat market cornered, cannot get its hands on enough *animals* to meet the demand for "Medicat," its popular fur bandage for rheumatics, sold through chemists' shops.

But what better reflection of our national differences — especially on such a sensitive topic for the British as animals recently received at the hands — as the mauling the company recently received at the hands of the UK gutter press.

The Sunday Sport, Britain's ultra down-market tabloid, reported prominently last month on the fate of UK cats "kidnapped" for the "Crazy Krauts." An aggrieved Mr Steingraf rang the Financial *Times* for help. The chances of getting a letter to the editor published in the Sunday Sport seemed slim, but the company wrote nevertheless, explaining that it stopped buying dead UK cats years ago.

Perhaps Mr Steingraf should have known better. His attempt in 1982 to collect documented frozen cats from UK vets quickly came to nought—despite support from the local British consulate—when London bureaucrats shied away from the idea after consulting the Royal Society for the Prevention of Cruelty to Animals.

Domestic animals are popular in Germany, and there is an active animal protection lobby here. But most Britons' acute sensitivity about furry creatures is not shared quite so strongly. Despite the increasing cultural similarities between Germany and the UK, "animal rights" are still largely in the Anglo-Saxon domain.

# Thatcher aide set for top job in Brussels

BY QUENTIN PEEL IN BRUSSELS

MR DAVID Williamson, who advises Mrs Margaret Thatcher, the British Prime Minister, on the affairs of the European Community, is set to become secretary-general of the European Commission, the top job in the Brussels bureaucracy.

The appointment is due to be made by the 17-strong Commission next week, to replace Mr Emile Noel, the French civil servant who has held the post ever since the formation of the Community 30 years ago—and with it the role of eminence grise in EC negotiations.

Success for Mr Williamson would be remarkable in the light of Mrs Thatcher's reputation in Brussels as "anti-European" and her frequent political isolation from the rest of the Community in budget battles.

In spite of that, he is regarded as the clear favourite over his West German rival for the post, Mr Horst-Guenther Krenzler, the present deputy secretary-general.

In a shake-up of the top posts after Mr Noel's retirement, Mr Krenzler is expected to get the next most senior position — *director-general* for external relations.

The top jobs in the Commission are allocated to the member states roughly in proportion to their size. One key problem in the moves has been what post to offer France. That is expected to be the head of the legal service, present incumbent of which, Mr Claus-Dieter Ehlermann, is likely to become the director-general for information and Commission spokesman.

The French candidate for the legal service is understood to be Mr Jean-Louis Dewost, currently legal director-general on the other side of the road at the EC Council of Ministers.

Latest indications are that the UK government has fought a successful rearguard action to defend another British incumbent—Sir Roy Denman, the EC ambassador to Washington. He is due to retire in a year's time, and was expected to depart early to make way for Mr Ehlermann.

A minority of the Commission remains opposed to the appointment of Mr Williamson—not personally, he is a highly-respected civil servant, who was formerly deputy director-general of agriculture before going to Downing Street—but because of his link with Mrs Thatcher. Those mainly socialist Commissioners seem likely to be outvoted.

# France has highest G5 taxes

FRANCE had the highest taxes of the Group of Five leading industrialised states in 1986, with taxes accounting for 45 per cent of its gross domestic product, the Organisation for Economic Co-operation and Development said in an annual report on national revenue, Reuter reports from Paris.

This compares with a little less than 40 per cent in Britain and West Germany, while the US and Japan rely on taxes for less than 30 per cent of GDP.

OECD figures showed the French tax system relied heavily on social security contributions, while direct income tax was relatively low. In 1986, social security contributions accounted for 43.6 per cent of total French taxation, compared with 36.5 in Germany and 17.5 in Britain.

This feature of the French tax system is likely to be exaggerated when the Government announces its 1988 budget next week. It is expected to include direct tax cuts of about 4 per cent for most income groups, which will be partly offset by a recent rise in social security contributions.

Direct taxes accounted for 17.1 per cent of total French taxes, compared with more than 40 in Japan and the US.

British consumers contribute comparatively more through taxes on goods and services than do their counterparts in the other four states.

In Britain, these taxes acounted for more than 30 per cent of total tax revenue, slightly more than France's 29.1 and Germany's 25.6, but well above the US level of 17.7 and Japan's 14 per cent.

# Salvador peace talks expected to start

*PRESIDENT Jose Napoleon* Duarte of Salvador will hold peace talks in Costa Rica with his country's leftist guerrillas within a few days, Reuter reports from San Jose.

Mr Oscar Arias, the Costa Rican President, is expected to act as a mediator between Mr Duarte and the rebels of the Faribundo Marti National Liberation Front. No date has yet been given for the talks.

Mr Arias in a brief interview *on Thursday, declined to con*firm or deny talks would be held, but repeated his offer made last Monday to mediate between the rebels and the Salvadorean Government.

If they are held, the talks will be the first significant breakthrough since Mr Arias, Mr Duarte and three other leaders from the region signed a comprehensive peace plan in Guatemala City on August 7.

The plan's main provisions include ceasefire in the three regional guerrilla wars — in Nicaragua, El Salvador and Guatemala — amnesties, greater democracy and an end to foreign support for rebel groups. All are supposed to be achieved by November 7.

Diplomats said the San Jose talks were arranged by Mr Arias — architect of the peace plan — who received Salvadorean rebel leaders here on Monday.

# Irish shipping line wants to halve workforce

By Lynton McLain

THE B and I Line, the shipping company owned by the Irish Government, wants to halve its workforce of 1,500 people, and cut wages by up to 12.5 per cent in an attempt to cut losses.

The rationalisation plan for the company was prepared after demands by Mr John Wilson, the Irish Tourism and Transport Minister. The plan is to be implemented early next year, if it is accepted by the government.

The proposal is for 730 employees to be laid-off; the Liverpool-Dublin car and passenger ferry service is to be scrapped; the shorter sea crossing between Dublin and Holyhead is likely to be increased to twice daily.

Most of the proposed job losses will be in the Irish Republic, with some job losses in the UK.

The company is expected to make a loss of more than £12m this year, after competition from cheap air fares on the routes between the UK and Ireland and competition from Sealink.

# Korean students riot

RADICAL students hurled hundreds of firebombs and rocks at riot police yesterday as thousands of students took part in protests across the country, AP reports from Seoul.

Hundreds of riot police fought back *with tear gas and* rocks.

# Honecker visit stirs hopes of closer ties

BY DAVID MARSH IN BONN

EAST and West Germany look set to enter an era of closer economic links and less restrictive cross border travel, after the five-day trip to the Federal Republic by Mr Erich Honecker, the East German President, which ended yesterday.

Symbolising the reapproachment between capitalist and communist Germany, the East German leader was given a warm send-off with military honours by Mr Franz Josef Strauss, the right-wing Bavarian Prime Minister. At the height of the cold war 20 years ago Mr Strauss ranked as one of Mr Honecker's arch political enemies.

In spite of the mood of partnership during the historic visit, Bonn and East Berlin clearly still face future tests in bridging the political divide between two opposing systems.

Mr Strauss said he was "confident" that further barriers with East Germany would be broken down. He told Mr Honecker that rigorous controls on travel and the shooting of escapees at the border did not fit in with "the new phase" in relations.

During his day in Bavaria yesterday Mr Honecker said the two German states had to "advance further from what has already been achieved." He described his visit as "timely, to the point and useful."

In 1963 Mr Honecker called Mr Strauss a "militarist" who wanted to march through the Brandenburg Gate to reconquer East Berlin. But yesterday the East German leader, who became noticeably more relaxed as his West German trip unfolded, chatted and joked with his Bavarian host and toasted his health after a festive lunch.

A solemn note was struck, however, when Mr Honecker, imprisoned for 10 years under the Nazis, laid a wreath at the former concentration camp at Dachau, near Munich.

He stood grim-faced for 20 long seconds at a monument to victims of the Third Reich and spoke at length to a 20-strong group of communists and former concentration camp inmates from East and West Germany.

In the immediate aftermath of the visit Mr Honecker has achieved his long cherished goal of full de facto West German recognition of East German sovereignty.

He has come under continual pressure both in talks with politicians of all hues and from banner-waving protestors to relax border restrictions and stop shooting at the border.

But he has given his Bonn *hosts no concessions* so far on human rights. The Bonn Government is clearly hoping for a humanitarian gesture from Mr Honecker in coming months to seal the spirit of co-operation.

On the other hand, any substantial further *relaxation of* travel and emigration by Mr Honecker could risk a debilitating outflow of dissatisfied East Germans and cause severe problems with Moscow.

In impromptu remarks in his birthplace of Neunkirchen in the Saarland on Thursday evening Mr Honecker tantalisingly raised the prospect that the East-West German border could one day become a normal frontier similar to that running between Poland and East Germany.

This appeared to be a hint that Mr Honecker, who was responsible for building the Berlin Wall in 1961, could conceive its disappearance under the appropriate conditions.

Bonn officials called the remarks "positive," but warned against euphoria in interpreting them.

East German officials also warned against "reading between the lines." They pointed out that Mr Honecker reaffirmed *during the visit* East Germany's status as a sovereign independent state—a view which clashes with the official Bonn goal of eventual German reunification.

Erich Honecker

# Soviet official warns of N-arms deal difficulties

BY PETER BRUCE IN BONN

SIGNIFICANT DIFFICULTIES still stand in the way of an agreement between the Soviet Union and the US on the global removal of their medium-range nuclear *missiles, a senior* Soviet official confirmed yesterday.

Ending a two-day visit to Bonn, Mr Vladimir Petrovski, the deputy Soviet Foreign Minister, said: "There are still significant difficulties" that need *to be resolved before* the US Secretary of State Mr George Shultz and his Soviet counterpart, Mr Eduard Shevardnadze, meet in Washington next week.

"Everything depends on the Americans," Mr Petrovski said. He repeated *recent* Soviet demands that 400 Pershing 1A missiles—and their warheads—in the US be drawn into the intermediate nuclear force (INF) agreement being negotiated in Geneva.

*The US Pershing* 1A is the same missile that the West German Government recently offered to destroy if the US and Soviets reach an INF agreement.

"We want a real double-zero" said Mr Petrovski, referring to the US and Soviet offers to destroy all their INF missiles, which have a range of between 500 km and 5,000 km.

He said the Soviet side was unhappy with the US verification proposals and with the way the US wanted to proceed with the actual destruction

The Soviets wanted to be able to inspect US facilities well beyond the final destruction of American weapons, he said. A US demand that the Soviets start destroying their missiles first was also unaccptable, he said.

Moscow has proposed a compromise, which would involve both sides destroying their launchers at the same time. That would leave the *missiles* intact and perhaps the US "destruction" timetable as well—but would make it impossible to fire them.

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# OVERSEAS NEWS

## EC likely to press for full sterling role in EMS

BY QUENTIN PEEL IN BRUSSELS

EUROPEAN COMMUNITY finance ministers will be asked to give their blessing today to a broad strategy of closer co-operation on monetary and economic policy, paving the way for the final phase of complete liberalisation of capital movements between the member states.

The strategy includes measures to strengthen joint intervention to support the currencies in the exchange rate mechanism of the European Monetary System—a package agreed by EC central bank governors at Basle this week—and closer liaison on domestic economic policies involving regular monitoring of economic indicators in the 12 states.

At the same time, the weekend meeting could well see growing pressure on Mr Nigel Lawson, Chancellor of the Exchequer, to bring sterling into full participation in the EMS exchange rate system.

The absence of sterling from full membership is seen by many as a continuing weakness in the system, and a source of instability at a time when the other participants are trying to strengthen the system. There is growing irritation in other member states that the British government benefits from the EMS stability without paying the full price of obeying the rules of membership.

The six-month informal meeting of the EC finance ministers, taking place at the Danish seaside resort of Nyborg, is intended to provide the opportunity for a thorough review of the workings of economic and monetary co-operation in the Community, as well as to prepare a common European position for the imminent annual meeetings of the International Monetary Fund and the World Bank.

Mr Jacques Delors, president of the European Commission, is keen to table his plans soon for the final phase of capital liberalisation in the EC—a phase which would include freedom of movement for all personal cash transactions, including personal bank accounts, in addition to the commercial and investment transactions already liberalised in most member states.

He will argue, however—strongly supported by France and Italy—that such liberalisation can only go hand in hand with closer monetary policy co-operation to prevent sudden speculative capital flows. It will also require greater co-ordination of prudential rules and tax regimes.

The package of EMS intervention measures agreed by the central bank governors, who also attend the weekend talks, has at its core a deal for greater joint intra-marginal intervention to support weak currencies, or sell strong ones, before they reach their respective floors and ceilings within the EMS.

Although such intervention will not be automatic, in deference to the opposition of the West German Bundesbank, there is a "presumption" it will be used when requested, provided certain conditions are met.

The package also allows rather more generous short-term credit terms for the central banks, extending the repayment period and increasing the amount available for more than 45 days.

It allows, finally, Ecus to be used to settle 100 per cent of claims, and not 50 per cent as at present. This is a token gesture of support for the European currency unit, which is hardly used for such settlements at the moment anyway.

## Libya and Chad agree ceasefire in Aouzou Strip

By Joan Wucher King

LIBYA AND Chad yesterday agreed to a ceasefire in their long-running conflict over the Aouzou Strip. The Chad Government, however, made its continued acceptance of any ceasefire dependent on an immediate convening of the Organisation of African Unity's special committee on the Aouzou dispute.

The ceasefire was scheduled to take effect at 11.00 local time, according to Chad, while Libya announced the ceasefire as starting with Friday prayers at midnight Friday, the Muslim sabbath.

Libya had stepped up its bombing campaigns in Chad in the days preceding the ceasefire. On Thursday, Libyan jets bombed the oasis of Faya Largeau and the towns of Fada, Zouar, Wour and Wadi Doum.

Chad reported 12 killed and 20 wounded at Faya Largeau and said that the Libyans used fragmentation bombs, napalm and toxic gases in their attacks.

President Kenneth Kaunda of Zambia, chairman of the OUA, had been trying to arrange a ceasefire since Chad recaptured Aouzou on August 8. Libya retook Aouzou during his first round of negotiations, which restarted in earnest this week.

The special committee of the OAU is chaired by President Omar Bongo of Gabon. As Chad's observance of the ceasefire is conditional on the committee meeting, it is expected that President Bongo will call it into session soon.

The OAU has been reluctant to alter post-independence borders, so Chad may feel relatively optimistic that the committee will find in its favour.

In addition, Chad's President Hissene Habre may find it difficult to resist pressure from France to call a halt to hostilities against Libya, as France still provides Chad with its air defences.

Libya, on the other hand, does not want the war in Chad to isolate it within the OAU, which provides it with an important political forum.

## Moscow delay on Iran deals

BY PATRICK COCKBURN AND EDWARD MORTIMER IN MOSCOW

THE SOVIET UNION has told an Arab delegation to Moscow that it would not for the moment implement its economic agreement with Iran signed last month, apparently to increase pressure on Tehran to agree to the UN resolution calling for a ceasefire in the Gulf war.

Soviet officials also told the Arab League delegation led by Sheikh Sabah Al-Ahmed al-Sabah, the Kuwait Foreign Minister, that Moscow would ultimately back a UN resolution imposing an arms embargo on Iran but stressed that the Soviet Union did not believe the embargo would be effective.

An Arab diplomat said yesterday in Moscow, however, that the Arab League delegation had been reassured by Mr Eduard Shevardnadze, the Soviet Foreign Minister, and Mr Nikolai Ryzhkov, the Prime lai Ryzhkov, the Prime Minister, that there were limits to the improvement in Moscow's relations with Iran which followed visits to Tehran by Mr Yuli Vorontsov, the Soviet first deputy Foreign Minister.

Agreement in principle was also reached on economic co-operation including sale of Iranian gas to the Soviet Union and possible export of Iranian crude oil across Soviet territory to the Black Sea.

Moscow further underlined the limits of its co-operation with Iran last week by refusing to allow Mr Mohammed Larijani, the Iranian Deputy Foreign Minister, who was also visiting Moscow last week to see the Soviet Defence Minister. Mr Larijani was evidently seeking military assistance from Moscow which it has hitherto refused to Iran.

The Soviet Union has been Iraq's main arms supplier since the start of the Gulf war in 1980.

Although Soviet officials are pessimistic about Iran's seriousness in talking about a ceasefire they also say they want to give the peace mission by Mr Perez de Cuellar, the UN Secretary General, who is due to start talks in Tehran today, the best possible chance of success.

To this end Moscow has pressed Baghdad to halt for the moment its air attacks on Iranian tankers in the Gulf. According to the Arab diplomat it was Mr Yuli Vorontsov who originally persuaded Iraq to stop the attacks for a short period after the UN Security Council called for a ceasefire.

The chief concern of the Soviet Union in the Gulf is that Iran might follow its missile attacks on Kuwait by ground attacks which would give Kuwait no option but to call for US assistance. Otherwise Moscow appears confident that the US will not wish to get involved in a full scale war with Iran.

## Portugal wants new US pact

By Our Lisbon Correspondent

PORTUGAL will call for a re-negotiation of a treaty that gives the United States use of a strategic air base on the Azores Islands, in mid-Atlantic, because it is dissatisfied with the amount of US aid the country is receiving, officials said yesterday.

Officials said Portugal would insist on re-negotiating the treaty from next February, the earliest date possible.

The air base, at Lajes in the Azores, is a key point for refuelling and for monitoring Soviet submarine movements.

US aid to Portugal fell from $207.5m in 1985 to $189.3m in 1986, and is expected to drop to $147.4m this year.

## Israeli trade deficit 50% wider

BY ANDREW WHITLEY IN TEL AVIV

ISRAEL'S foreign trade deficit widened by 50 per cent in the first half of 1987, compared with the first half last year, to reach a record $2.2bn.

Imports rose by 24 per cent in the first six months while exports—including sales to the occupied West Bank and Gaza Strip territories—were up by 17.5 per cent.

But there was better news from the latest monthly figures, as the growth in exports outstripped the import surge threatening the country's balance of payments, for the first time since early 1986.

According to the government Central Bureau of Statistics, during the four months to the end of August, exports (excluding diamonds) were up by 10 per cent over the January to April period. The import growth, by contrast, slowed to 3.5 per cent.

Part of the improvement can be attributed to the delayed effects of the 10 per cent devaluation of the shekel against the US dollar in January. An apparent decline in industrial restocking was also responsible.

The most hopeful sign for the Government, anxious to push economic growth above its present anaemic rate, came from the surprisingly strong export performance revealed by the statistics office. So far this year, total exports have reached $5.23bn—up by 17 per cent on the equivalent period of 1986.

**Kenneth Gooding** reports on motor trade predictions in Frankfurt

## Europe 'to face harder challenge'

THE EUROPEAN motor industry faces even more severe competition from other parts of the world in the 1990s, and one of the best ways it can meet the challenge is through strategic alliances, said Mr Carl Hahn, chairman of Volkswagen, yesterday at the closing session of the conference.

"Mergers can be considered as a last resort, sometimes necessary, but I believe the peripheral alliances—governed not by nationality but combining capital and opportunity in rational ways and for strategic consideration—will serve all of us best," he said.

Strategic alliances with varying partners—depending on the problem to be solved, whether product or regional — are already a fact and a continuing necessity, benefiting all world players and the consumer.

The European industry faced not an American or Japanese attack but a combination of Japan and America in many ways. "For example, there is no Korean manufacturer without Japanese or an American affiliation."

The competitive effort of the inter-related US and Japanese companies, and their Korean satellites, would intensify after 1992, when the European Community removed barriers to free trade.

The European industry should not retreat behind protectionist walls, which "not only institutionalise weakness but guarantee decline, and certainly rob us of the opportunities of this century and the next," said Mr Hahn.

Mr Mark Snowdon, principal at Booz-Allen and Hamilton, the international business consultancy, suggested that in many cases, strategic alliances would be the preferred solution for the components industry as it faces a future where each company would require a range of skills and activities, from pure research through applicants and developments, to eventual high-volume, low-cost production.

"Not many companies are, or will be, capable of operating in each of these activities to world-class levels of performance.

Mr Snowdon said the European automotive component industry was entering a period of turbulent change. "Within a decade, it will be a very



different industry from the one we observe today. A largely national structure will be replaced by a primarily pan-European one.

"It's existing fragmented pattern will have become much more consolidated. Ownership patterns will drastically change, and some of the proudest names will be gone or absorbed."

Within ten years, said Mr Snowdon, the European motor components industry turnover would grow from an annual $70bn to $100bn but the extra business might not go to existing producers. "Indeed, new entrants may grab more than the $30bn and cut deep into the cake the industry now shares."

Mr Walter Frey, president of Emile Frey, the car importer and distributor, said manufacturers could not take a pan-European approach to car marketing because "Europe is one market only on paper. In reality, it is a collection of many individual smaller or larger speciality markets."

machine 43 —— 8 on 8½ ——

"What I believe in is a basic, pan-European approach in brand philosophy — where the manufacturer sets the target — and then the local importer-distributors try to reach this target in a language the local buyers understand and respond to.

"This means the manufacturer states the unique selling proposition of his latest product and provides a corporate identity policy and a communication target. But, after that, the local marketing team does all selection, interpretation and execution of marketing communications."

Mr Ron Sewell, chairman and managing director of Sewells International, the motor trade consultancy, said the world was moving towards "a lifestyle culture" so the motor industry needed to concentrate primarily on satisfying customers, rather than putting technology or production at the top of its list of priorities.

He suggested there will be a car retailing revolution, with fewer bigger and better dealers. Three types of dealerships might emerge:

- There could be exclusive shops concentrating on particular customers, perhaps on specific types of cars, rather than one manufacturer's complete range.
- Motor centres where each customer service — such as new cars, used cars, new car services, used car service and so on — would be branded differently, and customers would be treated differently, might be set up as well.
- Multi-brand car supermarkets, based out of town, would almost certainly be a feature of future car retailing.

Mr Sergio Pininfarina, president of Pininfarina, the Italian design house, pointed out that the design today is more technical, more complex, more mature and consequently more responsive to the real needs of the consumer.

"Different car models—such as inter-city, town, sports, off-road —will continue to exist and will even be improved, though production will mostly be centred on compromise versions tending to satisfy all these different demands," he said.

Mr Robert A. Lutz, executive vice president of Chrysler Motors Corporation, dealing with his company's return to the European market, said Chrysler was particularly excited about prospects for Jeep.

Chrysler acquired the Jeep brand recently, when it bought American Motors from Renault. "The European, all-wheel-drive market has doubled in the past four years, and in the next four is expected to grow by another 115,000 units.

"Jeep is well positioned to take advantage of this growth. Starting from a low of just 1 per cent of the European market in 1983, Jeep's share of the all-wheel-drive sector has more than quadrupled since then," he added.

Mr Lutz also revealed that Chrysler might ultimately sell its US cars in the UK, but that was "way off in the future," in view of the need to provide right-hand-drive versions.

Mr Peter Schutz, president of Porsche, said the most important asset of the industry was the skills of the people it employed. Porsche's long-range planing was based on the concept of attracting the best people, giving them room to perform and motivating them well by providing them with a shared vision of what the company ultimately aimed to achieve.

# UK NEWS

**Alice Rawsthorn** on an ancient industry flourishing in modern times

## Silk threads a stitch in time

AT THE beginning of the 1980s it seemed improbable that the remnants of Britain's once thriving silk industry would survive the decade. Yet just seven years later the industry has not only survived, it is flourishing.

The silk industry of today is a pale shadow of its former self. It can boast of a buoyant home market and rising exports. Yet there are only a few dozen businesses involved with silk, many run by the descendants of the Huguenot emigres who fled to Britain from France in the late 17th century and founded the British silk industry.

The Huguenots settled in London and set up workshops in the Spitalfields area to the east of the City. In the mid-1800s they moved to the areas around Sudbury in Suffolk and Macclesfield in Cheshire, to take advantage of the skilled labour left by the decline of the local wool industry.

These companies flourished. In the 1920s and 1930s, when silk was used as a common fibre for all sorts of clothing, the industry reached its zenith. Then came synthetic fibres. The introduction of rayon and then nylon steadily eroded the market for silk.

Models wearing silk clothing from a 1920s Courtaulds' catalogue

Ironically it was Courtaulds, one of the original Huguenot silk weavers, which pioneered the development of the man-made fibres which devastated the silk industry. Courtaulds used the fortune it had made by weaving black silk mourning crepe for Victorian widows to expand into the production of rayon, or "artificial silk," and then into acrylic fibres.

Today Courtaulds is one of the most powerful forces in the European textile industry. Its silk subsidiary, Courtaulds Shamash, is but a tiny part of its business. The rest of the silk industry has declined dramatically. Since the 1930s companies have closed and jobs have disappeared. By the beginning of this decade the cuts and closures ceased.

The rump of the British silk industry has survived by specialisation. The main market for silk is served by the centres of production around Lake Como in Italy, Lyon in France and Zurich in Switzerland. British producers have concentrated on particular niches, principally fine quality silk for men's ties and dressing gowns and more, recently, on furnishing fabrics.

Stephen Walters, for example, has been involved with silk for eight generations. The business began in Spitalfields in the late 1700s and moved to Sudbury in the mid-19th century. The Sudbury mill now specialises in silk for men's neckwear. Turnover has grown healthily to £5m last year—75 per cent of which came from exports—and its workforce has increased by 30 to 130 people in the past 10 years.

Earlier this year it established a second mill, in the village of Long Melford nearby, to make silk furnishing fabrics for interior design companies such as Osborne and Little and Colefax and Fowler. This created 20 new jobs.

Given that the British industry specialises in very fine silks, ensuring the highest quality is essential. The silk production process is laborious and much of the work is highly skilled. The pace of technological change was fairly slow until the early 1980s but has since accelerated.

Walters has already introduced an advanced computer-aided design system in its mill. Similarly Adamley Textiles, which used old machinery bought from disused Macclesfield mills when it was founded in the 1960s, has invested in new equipment. Sekers International, the textiles group, has invested £6m in modernising production since diversifying into silk eight years ago with the acquisition of Vanners, a weaver, and David Evans, a printer.

Companies such as Walters, Adamsley and Sekers Silks hope that new technology will be the tool with which they can stave off competition from the established silk centres in Europe and from a new but increasingly powerful source—China.

Silk was first discovered in China more than 5,000 years ago when, or so the legend goes, the Empress Hsi Ling watched a silken thread unravel from a silkworm's cocoon when it fell into her tea. China is still the chief source of raw silk and in recent years has invested heavily in the production of silk fabric.

As a result exports of Chinese silk fabric have soared. This surge has already provoked the Italian industry to making formal complaints to the European Commission. Other European producers are considering whether to press the commission for restraints on silk imports throughout the Community.

To most of the larger British silk companies this influx of imports from China poses a serious threat. Yet to some sections of the industry, talk of surging imports and technological innovation is wholly irrelevant.

Humphries is a silk mill in the village of Castle Hedingham, near Sudbury, which weaves lengths of silk by hand to special commission for ceremonial robes or hangings in stately homes.

Competition is not a problem: there are only three comparable companies in the world, one in Italy and two in France. Moreover, technology has little to offer: the mill uses irreplaceable wooden machinery made more than 150 years ago in Spitalfields, where the British silk industry began.

## Former county hall to be hotel

BY IAN HAMILTON FAZEY, NORTHERN CORRESPONDENT

MANCHESTER COUNTY Hall, a modern office block overlooking Piccadilly Gardens in the centre of the city, has been bought by Britannia Hotels for development into a luxury hotel.

The block housed Manchester County Council until its abolition and the sale has dismayed other hoteliers and the city's politicians.

Mr Alex Langsam, managing director of Britannia Hotels, intends to spend £25m to transform the block into a hotel with 600 bedrooms and an exhibition and conference centre.

County Hall is sandwiched between the 360-room Britannia Hotel and the 215-room Portland Thistle. A new Ramada hotel—the Renaissance—opens next week with 205 rooms. The Piccadilly Hotel is opposite with 255 rooms, and Holiday Inn has just refurbished the Midland Hotel and reopened it as the 303-room Crowne Plaza.

Mr Langsman said yesterday: "Manchester really does not need another major hotel but I have looked at the others and decided we can give a higher standard of luxury at lower prices. We intend to offer better value for money, which is the principle we have worked on in the past."

He is applying to Beth Din, the regulatory body, for a kosher licence which he says will help to win custom from the large Jewish community in Manchester, and from Moslems, who follow similar dietary restrictions. Kosher and halal catering would be run in parallel with normal operations.

Mr Langsam makes a speciality of turning large, unwanted buildings into hotels. His first foray was to buy a disused Victorian cotton warehouse in Manchester city centre and turn it into the Britannia Hotel.

This year he opened another hotel in the city centre, which he called Sachas after legal action prevented him using the name Ritz. It has 220 rooms and used to be the C & A department store.

Mr Langsam and Mr Mike Morton, his partner, own the Adelphi in Liverpool, bought in a run-down state from British Rail five years ago.

## Catamaran for Channel Islands route

A HIGH-SPEED 406-seat waterjet catamaran will be introduced next year on services between St Malo, in northern France, the Channel Islands and Weymouth in Dorset. It will be run by the Guernsey-based hydrofoil operator Condor.

The vessel is being built by Marinteknik of Oregrund, Sweden. Condor will charter the catamaran from the builder but will have the option at the end of next season of buying it or ordering another of the same design.

The catamaran is due to go into service on June 15. It is being brought into Condor's fleet mainly because of the success of a service between Weymouth and the Channel Islands started by the company this year. A 190-seat hydrofoil is used, but Condor says a larger vessel is needed.

The catamaran, which has a cruising speed of 36.5 knots, will also be used between St Malo and the Channel Islands in conjunction with existing hydrofoils.

## Government to review Welsh museum

BY ANDREW WHITLEY IN JERUSALEM

THE GOVERNMENT is to review the work and financing of the National Museum of Wales as part of its policy of obtaining value for money from bodies outside the public sector which it partly or wholly finances.

Inbucon Management Consultants has been commissioned to carry out the review, which should be completed by January.

The review is not confined to the aims and functions of the museum. Inbucon has been asked to examine the relationship between the role of governing bodies and their staff museum's management structure, financial controls and commercial opportunities.

The present review is one of a series concerning semi-public bodies that have been set in motion since Mrs Thatcher announced the policy in November 1984.

An investigation into the operations of the Welsh Development Agency, which exists to regenerate the economy, was published in February. This led to the Welsh Office having a closer relationship with the agency's affairs.

The work of the Scottish Development Agency was independently evaluated at the same time as that of the WDA.

## Hooligans abroad spoil the package

**David Churchill** reports on the problems of holiday troublemakers

THE TRAVEL industry is counting the cost of recent bad publicity about the problems caused by drunken hooligans in Mediterranean package holiday resorts this summer.

The fierce price war among tour operators in the early part of the summer, when sales of overseas holidays were sluggish, enabled many Britons to fly to the sun at rock-bottom prices.

> 'Loutish behaviour among air travellers is a new disease that needs a cure'

However, some tour operators admit privately that this may have encouraged the "wrong" type of holidaymaker. "Many young people who had never been abroad before seized the opportunity of a cheap holiday and some of them simply could not cope with the combination of drink and sun," said one tour operator.

The problem was made worse by the "dumping" of spare aircraft seats, sometimes for as little as £30, which did not include accommodation in the resort. This led to reports of British holidaymakers being arersted by police for sleeping rough.

Stories of drunken hooliganism abroad have led to calls for an official inquiry into the problem. Mr Edward McMillan-Scott, Conservative member of the European Parliament, wrote to Mrs Thatcher yesterday saying that an investigation into the causes of and solutions to the problem was needed.

"A minority of holidaymakers are giving Britons a bad name abroad," he said. "Loutish behaviour among sports spectators, tourists and air travellers is a new disease which needs a diagnosis and hopefully a cure."

He referred to recent reports that King Juan Carlos of Spain and Spanish officials were concerned about the fall in standards of behaviour by British holidaymakers.

Charter airlines have reported more problems involving drunken passengers this summer. Recently a Dan-Air charter flight had to detour to a French airport because a passenger tried to open an emergency exit and fought with crew members.

Leading tour operators, however, are publicly anxious to stress that the problem of hooligans abroad is very small.

Mr Roger Davies, chairman of Thomson Travel, the largest UK tour operator, points out that the number of Britons travelling abroad has risen sharply in recent years. "I see no evidence that a larger percentage of our customers are causing these problems. But with the growth of people travelling, even the same percentage would give a substantial increase in the numbers involved."

However, Mr Davies does detect a change in attitude among tour operators, which are taking a tougher line with drunken hooligans.

"The climate of opinion has moved sharply in favour of the stronger action that has been adopted by airlines and tour operators in recent years," he said.

A few years ago, the tour operators' resort representatives were more willing to help holidaymakers who had been arrested for bad behaviour. The current policy is to leave them to fend for themselves.

Charter airlines are increasingly prepared to take a tough line with drunken behaviour and check-in staff will refuse to allow people who are clearly drunk to board their flight.

Much of the blame for bad behaviour abroad is levelled at tour operators who specialise in selling holidays to young single people. Club 18-30, part of the International Leisure Group, in particular has a bad reputation for the raucous behaviour of its customers abroad.

"You cannot really blame young, healthy men and women for letting off steam when abroad," said another tour operator, "but sometimes things get out of hand."

> 'You cannot really blame young healthy people letting off steam when abroad'

Club 18-30 had no comment, but the company is understood to be concerned about its poor image.

Although tour operators are worried by the adverse publicity of holiday hooliganism, they are unlikely to favour an official review of the problem. They believe the problem is under control and can be best dealt with by themselves.

Travel agents, however, may put extra pressure on operators to bring in tougher procedures for next summer if disgruntled holidaymakers make it clear that they want a trouble-free fortnight in the sun.

# Tebbit ready to resign as Tory party chairman

BY PETER RIDDELL, POLITICAL EDITOR

MR NORMAN TEBBIT is set to step down as chairman of the Conservative Party soon after its conference in Blackpool next month, with Lord Young, Trade and Industry Secretary, widely expected to succeed him.

However, Mrs Thatcher has not yet taken a final decision and there is a debate among senior Tories about whether Lord Young can, or should, combine the chairmanship with his existing post.

Mr Tebbit has made no secrets of his desire to surrender the chairmanship after completing a review of the Conservative Central Office organisation and of the broader implications of the general election. He left the Cabinet immediately after the election.

The timing of Mr Tebbit's expected resignation is intended to give him an opportunity to present his views to the Blackpool conference.

Norman Tebbit: desire to resign

Lord Young has been the obvious successor ever since he worked alongside Mr Tebbit in Central Office during the general election campaign as Mrs Thatcher's personal representative.

Conservative leaders believe that any new chairman has to have both Mrs Thatcher's total confidence and the ability to reorganise Central Office and its relations with constituency parties.

Allies of Lord Young at Westminster believe he can combine the post with his present one but others involved in the decision are more sceptical and believe that such an arrangement could produce considerable criticism and result in an unfair burden on Mr Kenneth Clarke, who has been his Cabinet-level deputy for two years, first at Employment and now at Trade and Industry.

However, Lord Young undoubtedly has the confidence of Mrs Thatcher because he is a valued adviser and executor of policies without being a possible successor.

A key question would be whether Lord Young would be an interim appointee serving up to the middle of this parliament until someone was appointed to handle the election preparations as happened in both 1981 and 1985, or whether he would serve throughout.

# Ulster unionist chief quits to take TV job

BY OUR BELFAST CORRESPONDENT

MR FRANK MILLAR, general secretary of the Official Unionist Party and one of the most talented young figures in unionist politics in Ulster, has resigned to take a television job.

Mr Millar, 32, told the party yesterday he had accepted a research post with London Weekend Television's current affairs programme, Weekend World.

His resignation was the second surprise departure in Ulster politics this week. On Tuesday Mr John Cushnahan, leader of the non-sectarian Alliance Party stepped down after three years to seek a full-time job.

Mr Millar, son of a unionist member of Belfast council, is thought to have felt dissatisfied with the response of Mr James Molyneaux MP, the party leader, to a recent report on the Anglo-Irish Agreement which he helped compile on behalf of his party and the Rev Ian Paisley's Democratic Unionists.

The report said a small group from both parties should enter low-level talks with senior civil servants to explore an alternative to the agreement. However, Mr Molyneaux and Mr Paisley took over the "talks about talks" — a tactic with which Mr Millar disagreed.

Mr Millar said in a statement yesterday it had been a privilege to serve the party but he could not decline th challenge and opportunity of his new job. He said he would make no more statements nor give interviews about "this development in my career."

# Banks accused of denying best advice to customers

BY ERIC SHORT

THE CAMPAIGN for Independent Financial Advice, sponsored by 14 leading life companies, has bitterly attacked the Abbey National Building Society, Barclays Bank, Lloyds Bank and Midland Bank for opting to become company representatives under the polarisation requirements. It says they are denying their customers the right to the best financial advice.

The attack was made by Sir Richard Powell, chairman of Camifa, at a press conference unveiling the body's £6.5m advertising campaign, of which £5m will be spent on high-profile television advertising.

Under financial services legislation, firms marketing life assurance and unit trusts must either be completely independent or else representatives of just one company selling only that company's products — the so-called polarisation requirements.

The institutions under attack have elected to be company representatives for their main branch operations and also to have subsidiary companies providing independent advice.

Sir Richard said this was compromising the principle of polarisation and Camifa would be lobbying the Securities and Investments Board, the Office of Fair Trading and the Department of Trade and Industry



# Midland to extend opening in 56 branches

By Richard Waters

MIDLAND BANK dealt a decisive blow in the battle for longer opening hours yesterday, with the announcement that it is to become the first clearing bank to keep a significant number of its branches open beyond 3.30 pm, the traditional bank closing time.

From November 2, 56 of its 2,090 branches will stay open until 5 pm. They will also open for an extra three hours on Saturday, to 3.30 pm. A full banking service will not be available, however.

Up to 200 other Midland branches are likely to follow suit over the next four years.

The move gives Midland, which has been the least adventurous of the big clearing banks in experimenting with longer opening hours, the lead in the contest to stay open longest.

Barclays is the only other bank to have experimented with late opening. But a trial involving 20 branches around *Reading and Cambridge*, launched in April, is due to end this month.

National Westminster says it is "working towards a pilot study" on extended hours and is conducting research to discover if customers would welcome late opening.

All the main clearing banks have some branches that stay open late to coincide with late night shopping, while the TSB's 1,240 branches are all open until 4 pm.

"By being open longer and making ourselves more available, we should be able to cover the needs of our customers more often," a Midland spokesman said yesterday.

"They might buy more of our products. It seems to make sense to be open for longer."

The Midland branches which open late will not offer a counter service. Each has automated machinery to deal with cash transactions and a limited *range of inquiries.*

Staff will be available to open accounts and arrange mortgages and other loans. They will also give limited advice on pensions and insurance.

"The number of staff will match the level of demand. It will be a small team with the necessary skills," the bank said.

The Midland has reached agreement with the Banking, Insurance and Finance Union on the longer opening hours. A flexible rostering system will be used to staff the branches and, according to the bank, there will not be longer working hours.

Barclays and Lloyds already offer a full counter service in branches that open on Saturday mornings. Barclays opens more *than 400 branches, against 50 for the* Midland. Lex, Back Page

# Accord will help ECGD refinance £8.5bn of loans

By Peter Montagnon, World Trade Editor

THE GOVERNMENT and City banks yesterday formally announced a medium-term export credits accord that will allow the Export Credits Guarantee Department to refinance up to £8.5bn of existing loans in the international capital markets.

The agreement is designed to reduce the cost to the Treasury of subsidising interest rate on export credits, both through the refinancing operation and through a cut in interest margins paid to banks which provide export credit finance.

Informal estimates suggest that the Government could save as much as £5m a year for each £1bn of loans refinanced, making total potential savings of more than £40m.

The ECGB credit portfolio, which stood at £11.5bn as recently as March last year, is shrinking rapidly due to the scarcity of new export contracts won by British companies.

This means that the savings as a result of refinancing are likely to be relatively short-lived even though they will initially be larger than those *derived from the cut in interest margins paid to banks.* As already reported, th new margins range from ¼ per cent to ½ per cent.

They will be in effect for *five years from December 1.*

# LRT to close maintenance and building section

By Nick Garnett

LONDON Regional Transport is to close the remaining sections of its direct maintenance and building department with the loss of 250 jobs.

It said yesterday that the general maintenance, plumbing and fabrication services of LRT Builders could not achieve the target of breaking even this year.

LRT departments have had to compete with outside contractors since 1984. Two years ago LRT Builders employed 1,300 people but its workforce has dropped steadily as increasing amounts of work have been contracted out.

A loss of more than £2m is forecast for the three remaining sections this year.

LRT has tried to sell its direct labour department which has principally been servicing London Underground and London Buses. It said yesterday that there was still a chance its fabrications operations could be sold.

# Sheep movement bans reimposed

By Max Wilkinson, Resources Editor

BANS ON the movement and slaughter of sheep have been reimposed at 21 farms in Gwynedd and Clwyd, North Wales, after the latest tests to monitor the effects of nuclear fallout from the Chernobyl disaster 15 months ago.

# M & G's unit trust head to retire in March

BY NIKKI TAIT

M & G, Britain's largest unit trust company, is to lose a third member of its long-established senior staff.

Mr David Tucker, managing director of M & G Securities—the unit trust arm—and deputy managing director of the group, announced yesterday that he plans to retire on March 31.

His departure follows that of Mr David Hopkinson, the rumbustious former deputy chairman and managing director of the group, who retired last February. Also poised to depart—at the end of October—is Mr Malcolm Block, who takes responsibility for M & G's international investments.

By the time Mr Tucker, who is 48, departs he will have had 20 years' service with the unit trust group. He joined in 1968, a chartered accountant with six years' working experience and has been with M & G ever since.

"Surprised?" queried Mr Hopkinson, from his Sussex retreat yesterday. "Not at all—it is a long time to be doing one job. It sounds very sensible to me."

Yesterday, Mr Tucker maintained firmly that he was quitting the City and had no intention of being lured back.

He maintains that there is no ambition to "do it all again," nor—in spite of flattering offers—"to work for the enemy."

"The candle of ambition really has burnt that low. I want to stop living at 100 miles an hour and always having to go home to a house in the dark." The decision, he says, was made on holiday, and he has no idea what the future—beyond "a bit of property here and there"—may hold.

If the announcement caused little surprise in the Hopkinson household, it produced plenty of raised eyebrows in the City. Much of the top management at M & G has been with the group since the 1960s. Mr Hopkinson joined in 1963; joint deputy chairman John Fairbairn, in 1961; Mr Paddy Linaker, Hr Hopkinson's successor, in 1963.

On the investment management side, Mr Block—who is moving to Australia—joined in 1966, and a number of his senior colleagues are equally well established.

Moreover, Mr Tucker was widely regarded as a potential heir apparent to Mr Linaker, some six years his senior. "He is certainly giving up a hell of a future," commented one observer yesterday.

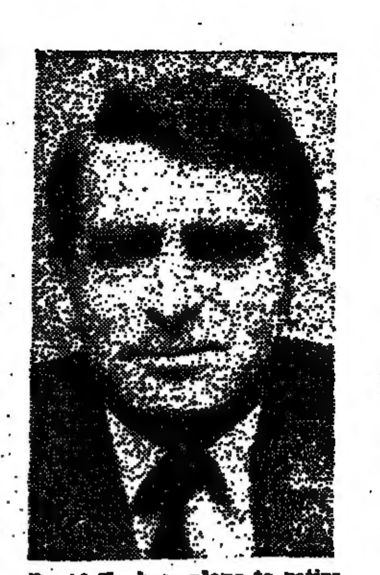
Mr Tucker's absence could suggest a potential gap on two fronts. As an investment manager, he has been responsible for M&G's success in picking undervalued, recuperating stocks. In particular, he has run the recovery fund from its inception in 1969 to today, where it is worth £500m. Moreover, in Mr Hopkinson's absence, he has tended to become the mouthpiece for M&G's outspoken views on many of the City's thornier issues.

Mr Linaker denies that M&G will change in either respect. "*The philosophy* is totally the same—I think it is imbued, and I don't doubt we'll continue to speak out." As far as the recovery fund is concerned, another member of the management team, Mr James Shillingford, will pick up the reins and Mr Tucker's long "notice period" is designed to enable a smooth handover.

In spite of M and G's decision to stand aside from the current shuffling within financial services, and stick to the unit trust business it knows so well, both Mr Tucker and Mr Linaker concede that changes are taking place.

"It used to be almost a family business," says Mr Tucker. Now internal systems are undergoing an upheaval as computers play *a greater part.*

Mr Tucker will leave M and G with a personal stake in the company's shares which is worth close to £750,000—and options over 128,000 shares at



David Tucker: plans to retire

75p. In the market, they are trading at 377p.

That, he says firmly, is one link he does not intend to sever.

# Wellcome to widen AIDS drug distribution

BY LYNTON McLAIN

DISTRIBUTION of the AIDS treatment drug Retrovir is to be widened by Wellcome following improvements in supply, the pharmaceutical company said yesterday in a statement to the Stock Exchange. Its shares rose to 481p, up 19p on the day.

The limited distribution system so far operated had been necessary because of the restricted amount of raw material and processing capacity available and the need to target the drug on those sufferers most likely to benefit.

Wellcome said: "In the US Retrovir will be available through normal distribution channels within the next few days. Subject to discussions with appropriate authorities, company subsidiaries are taking similar steps in other countries where Retrovir is approved for use."

Retrovir is the brand name for zidovudine, formerly known as AZT. It has been shown in laboratory tests to have anti-virus properties, including action against the human immunodeficiency virus (HIV), the active agent in AIDS.

The drug inhibits the growth of the AIDS virus but has side-effects including weakening of the bine marrow and anaemia. Almost half the patients treated need subsequent blood transfusions.

Wellcome has expanded its production capacity for Retrovir, at plants at Dartford, Kent and at Greenville, North Carolina, with an investment of £17m.

The company said it did not expect a *dramatic increase in* the number of people using the drug. Wholesalers will in future be able to keep supplies of Retrovir and it may become available on prescription.

Doctors in several US cities are conducting trials involving 1,500 patients to help to determine if the drug does help delay the onset of AIDS in people infected by the human immunodeficiency virus.

# NFC agrees Japanese joint venture

By Nick Garnett

THE NATIONAL Freight Consortium, the UK's largest freight transport, storage and distribution company, announced a deal yesterday with the Shibusawa group of Japan.

NFC International, one of the consortium's ten operational arms, is setting up a joint venture with Shibusawa, in which the Japanese group will have a 60 per cent stake and manage the company.

Shibusawa is the fourth largest warehousing, removals and distribution business in Japan and the agreement represents the first move by a British distribution company of this kind into Japan. The new company will be called Pickfords-Shibusawa.

NFC International has operations in a number of countries, usually through joint venture arrangements, including Spain, Australia and the US.

Shibusawa, using the expertise of Pickfords, is keen to take a larger share of business provided by Japanese individuals and companies moving overseas.

# Listener publishing link likely

BY RAYMOND SNODDY

INDEPENDENT television companies have agreed in principle to form a joint venture company with the BBC to publish The Listener. The general interest weekly magazine has been published byt he corporation since it was launched in 1929.

A joint committee will meet for the first time next week to discuss the project. Its members will include Mr Michael Checkland, BBC director-general, and Mr Richard Dunn, Thames Television managing director.

Mr David Shaw, general secretary of the Independent Television Companies Association, said yesterday: "Barring any unforeseen obstacles I see no reason why this should not now go ahead."

The aim is to publish The Listener, if it is still called that, under a new joint board of management by early next year.

It is believed that research into the finances of the magazine by Mr George Cooper, chairman of Independent Television Publications which publishes TV Times, suggested that the BBC was subsidising the publication in some form of between £300,000 and £500,000 a year.

Such figures would suggest that the joint venture would need about £1m capital to give the magazine a secure financial base. Its circulation is about 33,000.

Channel 4 is also likely to back the project and independent television executives would also like to see commercial radio stations become involved.

# Murdoch seeks Shah's stake in Today

BY RAYMOND SNODDY

MR RUPERT MURDOCH'S News International is seeking to buy out the 10 per cent stake held in the Today newspaper by Mr Eddie Shah, its founder.

It is believed that informal talks have already been held. News International's aim is to tidy up the last remaining minority shareholding following its purchase of the paper from Lonrho earlier this year for £38m.

Mr Shah, publisher of the Warrington Guardian series of newspapers, refused to comment yesterday. One option is for Mr Shah to retain his shareholding and hope that it will greatly increase in value if Mr Murdoch succeeds in turning the loss-making paper into profit.

Associates suggest that Mr Shah, who played an important role as a catalyst in the transformation of the labour practices and cost structures of Fleet Street, would be unlikely to sell his stake for less than £1.5m.

Today, under its new editor, Mr David Montgomery, has at least stabilised the circulation inherited when the paper was bought from Lonrho at the end of June.

Today had an average daily circulation of 329,000 in August.

# Clothing manufacturing technology centre opens

BY ALICE RAWSTHORN

A CENTRE to co-ordinate research for the development of new technology in the clothing industry was opened in Northamptonshire yesterday.

In its first five years the Clothing Technology Centre should receive more than £1.25m in research funding. It will be financed partly by contributions from clothing manufacturers and partly by grants from the Trade and Industry Department.

The centre has been established on the initiative of the British Clothing Industry Association, which represents manufacturers. It will be housed within SATRA, the footwear technology centre.

Three projects will be conducted in the centre a first two years. All will concentrate on developing ways of using technology to improve productivity and flexibility.

In recent years the pace of technological change in the clothing industry has accelerated. Automation has played an important role in reducing the cost structure of clothing manufacturers and enabling domestic companies to compete against imports.

Last year UK manufacturers produced clothing worth £4.34bn.

# BT overcharged Bank of England by £250,000

Financial Times Reporter

BRITISH TELECOM admitted yesterday that it had overcharged the Bank of England by £250,000.

The amount had accumulated over a period and was discovered after both organisations went back over their records.

BT said the matter had been settled amicably. Its records and the Bank's were now in accord. Inaccuracies in record-keeping within both organisations had been caused by the rapid growth in telecommunications demands.

"It was not in any way related to meter pulse inaccuracies," BT said.

## ECONOMIC DIARY

TODAY: EC finance ministers start two-day informal meeting at Funen, Denmark.

TOMORROW: Department for National Savings publishes August monthly progress report. Liberal Party assembly opens, Harrogate (until September 18).

MONDAY: Trade and Industry Department publishes August provisional figures for retail sales and producer price index numbers. EC foreign ministers meet in Brussels. British Coal and NUM meet for talks on disciplinary code. Mrs Edwina Currie, Health Minister, opens pharmaceutical conference, Manchester. Women Mean Business awards, Mayfair Hotel, London. Mr Douglas Hurd, Home Secretary, opens international police exhibition and conference, Barbican, London. European Parliament session opens, Strasburg (until September 18).

TUESDAY: Prince Charles opens Commonwealth Agricultural Bureaux Centre, Wallingford. Bank of England publishes international banking statistics. Labour Party national executive meets. Mr George Shultz, US Secretary of State, starts meeting with Mr Eduard Shevardnadze, Soviet Foreign Minister, in Washington (until September 17). Launch of Ariane space rocket, Kourou, French Guiana.

WEDNESDAY: Public sector borrowing requirement for August. Index of output of the production industries in July. Environment Department publishes quarterly volume coverage housing and construction statistics (part 1, No. 30, June quarter); and the statistics up to the second quarter on housebuilding starts and completions.

THURSDAY: Second quarter revised figures of capital expenditure by the manufacturing and service industries. UK balance of payments for the second quarter. Employment Department publishes labour market statistics: unemployment and unfilled vacancies (August—provisional); average earnings indices (July—provisional); employment, hours, productivity and unit wage costs; industrial disputes. EC budget ministers start two-day meeting to try to finalise a draft for next year's community expenditure which can be examined by the European Parliament.

FRIDAY: Building societies monthly figures for August. Provisional estimates of monetary aggregates (August). London and Scottish banks' monthly statement (August). The Economist conference on the privatisation of the water industry, Marriott Hotel, London. Green Party annual conference opens, Birmingham (until September 20).

**Andrew Taylor and Terry Dodsworth on the Freeman Fox and John Taylor merger**

# Constructing a marriage of mutual design

THE BEST marriages are mutually inspired. A casual conversation over drinks in Hong Kong has led to a merger between two of Britain's leading consulting engineers, with *neither side quite sure who* proposed to whom.

Freeman Fox and John Taylor were working together on the same project when the conversation led to the future of world construction.

They both concluded that they had the same problems, says Mr Robert Chaning Pearce of Freeman Fox: they were too small, they were being squeezed by big contractors and were having to carry increasing overheads as margins were shrinking.

They believe the combined firm will benefit from a greater range of skills, greater financial muscle and a wider spread of offices around the world.

Even together, the new group will be well below the size of the largest international consultants. Freeman, although world renowned for the development of the box girder suspension bridge, has had mixed fortunes in recent years, including the partial collapse of the West Gate Bridge in Melbourne and similar problems at a bridge at Milford Haven in Wales.

The firm generated revenue of only £18m last year while John Taylor's revenue was £12m. Both say that ideally they would like to be bigger and that within weeks they expect to be in serious discussions on a further deal.

One of the biggest changes in recent years in world construction has been the movement away from traditional contracting by big construction groups into design and project management.

The days when contractors just poured concrete have long gone. They are increasingly moving into areas which specialists such as consulting engineers and architects have in the past regarded as their province. Big contractors like Bechtel of the US, Kumagai in Japan and Bouygues in France have their own project management and design-and-construct operations. US project manager Schal and Tishman has recently linked with British companies, Tarmac and Wimpey, to provide construction management in the UK.

The pressures from larger and wealthier companies moving into their preserve is not the only challenge facing established consulting engineers.

A new generation of consultants has emerged, particularly in the Far East, increasing competition for work as the number of large projects around the world has declined.

Mr Chaning Pearce, who will become deputy managing director of the merged firm, says that when Freeman Fox built its first Malaysian highway in 1971 it employed only expatriates. "Nowadays if we work in Malaysia virtually all the engineers are local and we send out only a few of our senior people to do the top-level project management."

The growth of engineering consultancy in the Far East has come on the back of the development of large local contractors in the region.

This trend, say European consultants, has been helped by pressures from domestic governments and international development agencies, such as the World Bank, which are keen to encourage the employment of local people.

Economic constraints and mounting international debts in *the developing* world have reduced construction workloads substantially. The industry has had to become more sophisticated in providing the technical, and increasingly financial, *expertise required* by clients.

Companies able to provide all these disciplines under one roof have an advantage in this new climate. Government agencies are becoming increasingly attracted by build/operate/transfer arrangements under which private consortia finance and construct projects such as power stations and water supply facilities which the consortia operate for the government, charging a fee.

After an agreed term, during which the consortium pays for the project and makes its profit, the assets are handed back to the state. Build/operate/transfer schemes have been highly successful in Hong Kong. Several schemes have been mounted in Turkey. The Channel Tunnel and the proposed new Dartford crossing are prime examples of build/operate/transfer projects.

By achieving greater size, Freeman Fox and John Taylor believe they will be in a stronger position to play an integral role in these new consortium ventures.

A recent report by the National Economic Development Office recently criticised Britain's failure to win more orders overseas

# UK NEWS – THE TUC AT BLACKPOOL

## Unions to seek the means to an agreed goal

Reports by Philip Bassett, David Brindle, Jimmy Burns and John Gapper
Pictures: Alan Harper

THEY FINISHED as they started: nervous, anxious, uncertain, knowing they had to do something, but unsure what the Trades Union Congress ended yesterday with the traditional symbolic display of unity: arms linked for Auld Lang Syne.

In spite of the endlessly-forecast, reported and even actual splits, there has been unity in Blackpool this week — a shared desire for trade unions to remake themselves and their members, to find a better role and a better place, in a changed industrial, political and social structure which seems increasingly to be marginalising them.

However, they are very far from united about how to do it. Mr Fred Jarvis, the retiring TUC chairman, said yesterday: "*on no occasion was there disagreement about ends: it was only about the means to an end.*"

*Should the means be the way* of Mr Arthur Scargill and the National Union of Mineworkers, and Mr John Macreadie and the CPSA civil servants — reinforced collectivism, restated strength, renewed militancy? Should it be the way of Mr Eric Hammond and the EETPU electricians and Mr Bill Jordan and the AEU engineers — new individualism, employer appeal, cooperation rather than conflict? Or should it be the way of Mr John Edmonds, general secretary of the GMB general union and Mr Norman Willis, the TUC general secretary — new morality, new frontiers for unionism, trying to crack growing non-unionism.

Such divergent strands of unionism were well-known before, but were on parade more publicly and forcibly than before in Blackpool in a week of what Mr Willis yesterday called hard words. Concentrated media coverage of the TUC, especially by television, is something the unions want, to try to get their message across to the public. But they find it difficult because it places them in a spotlight in which they are often uncomfortable.

Away from the cameras, the TV arc lights and — increasingly — newspaper reporters' computers, the hard words will have to be turned into hard work. Next week, TUC officials reassembling in Congress House will *start putting into* effect currently-sketchy plans for a year of minute, detailed self-examination — a review of union purpose and *organisation*.

It won't be easy. Union leaders have spent the week in Blackpool staking out their positions, but as *Mr John Morton*, general secretary of the Musicians' Union, said, the only real chance of the review body's success in finding a future for British trade unionism is if those taking part in it are prepared to compromise, prepared to believe that perhaps not every aspect of their own vision of where unions should be going is inviolate.

Mr Willis' proposals for new union organisation, especially in non-union areas, have been criticised by TUC leaders on the left, right and centre of the unions. In Scotland, Mr Campbell Christie, the *dynamic* left-wing Scottish TUC general secretary, has been quietly ploughing a similar furrow — with rather more success than the TUC south of the border has so far been able to achieve.

Scotland, with a unionisation rate of about 8 per cent—some 10 percentage points higher than the overall rate for Britain —has long been a bastion of trade unionism. Industries such as shipbuilding, coalmining and heavy engineering, all with high union densities, have been prominent, and Scottish unions remain an integral and important part of the mainly anti-Conservative social and political fabric in a way their English counterparts do not.

With those industries in decline, and the inflow of a number of foreign-owned, often American, high-technology companies into the "silicon glen" *of Scotland's central lowlands*—many of them non-union—the position facing unions in Scotland is changing, and the unions are changing with it.

Mr Christie has set up a team of academic advisers to draw together the available work on non-unionism and recruitment, and services available to union members, to help evaluate the size of the problem and the methods available to counter it.

Scottish TUC leaders recognise that all this may be unsuccessful. But at least they are doing something now.

*But whether the TUC's efforts* produce any solutions or not, having the review loses the unions time, and will allow the *events with which they are trying* to come to terms to march on unhindered.

Fred Jarvis wearing the West Ham United scarf and hat presented to him by general council members at the end of Congress

## Jenkins elected council chairman

THE TUC General Council, in its first meeting after the close of the TUC Congress yesterday, elected Mr Clive Jenkins, *general secretary of the white-collar* ASTMS, as it chairman for the coming year.

Mr Jenkins' election comes at a time *when he is spearheading* a merger of his union with the manufacturing union TASS. The two unions will next weekend *hold joint conferences on the* proposed merger, and plan to ballot both memberships on the plan within days.

*Mr Jenkins yesterday stressed* the importance to unions in the coming year of trying to attract many more women members and of dealing more effectively with women's issues.

He also saw Europe as an important area for UK unions' activities, especially on legal issues. He stressed the importance of a key ruling this week under European law that women workers must be paid the same severance or redundancy pay as male colleagues.

The TUC should hold talks directly with the CBI, he said, *to try to make joint progress* on a range of issues.

Mr Jenkins, 61, has served on the TUC General Council *since 1974. He will chair its* monthly meetings, is likely to chair its special review body established this week in Blackpool, and will preside at the 1988 TUC Congress in Bournemouth.

## Anger expressed at Spycatcher banning

A COPY of Mr Peter Wright's book about the workings of the security services Spycatcher, was held up from the rostrum as Congress expressed anger at the banning of its publication in Britain.

Mr Harry Conroy, general secretary of the National Union *of Journalists, moved an emergency* motion saying that censorship by the courts had brought the administration of justice "into public ridicule and contempt" and calling for an inquiry.

*Mr Conroy was warned by Mr* Fred Jarvis, the Congress president, not to read out extracts from the book during his speech because it might lead to television coverage of the debate being curtailed.

"Do not make an already ludicrous situation even more absurd," Mr Jarvis said, adding that there was a risk he would be jailed if Mr Conroy read out any passages.

Mr Conroy held a copy of the book up before delegates and said: "It is actually quite a good book. It is about getting rid of a democratically-elected government, but I am not allowed to tell you that."

He said that the story told in Spycatcher — of an alleged attempt by MI5 to de-stabilise a Labour administration led by Mr Harold Wilson — made the Watergate and Irangate controversies fade into insignificance.

Harry Conroy holds aloft copy of Spycatcher

The motion was seconded by Mr John Ward, general secretary of the First Division *Association of senior civil servants*. He said essential civil liberties were being put at risk by the Government's legal campaign against the book.

The motion — alleging that the "side-issue of confidentiality" had been allowed to distract attention from allegations of high treason — was carried unanimously.

## Pledge to improve links with Europe

CONGRESS agreed to redouble its efforts to secure affiliation to the European TUC of the ostracised communist-led or influenced trade union centres in France, Portugal and Spain.

But Mr Ron Todd, chairman of the TUC's international committee, said it would be counter-productive if congress took a unilateral step to invite these centres to send representatives with "official visitor" status.

The resolution passed by congress marks a fresh attempt to *heal a long-standing rift within* the European union movement.

Mr *John* Tuchfield, National Officer of Tass, the manufacturing union, told delegates the British TUC should "break the logjam" by awarding official visitor status to representatives of the Comisiones Obreras (Portugal), the CGT (France) and Intersindical (Spain).

Accepting the resolution with reservations, Mr Todd said on behalf of the TUC General Council, that experience had shown that European union unity would only be achieved with the acquiescence of all ETUC affiliates.

In that context, Mr Todd said, it would "not be helpful" for congress to take the initiative on its own.

## Press diversity 'not hit by cost of employing printers'

THE CLAIM that diversity of the national press had been *limited by the cost of employing* print workers has now been shown to be false, Congress was told by a leader of the NGA *print union*.

Mr Bob Tomlins, NGA national officer, said that about 15,000 print workers had lost *their jobs in the past two years* as newspapers switched to "direct input" methods of setting type.

But the cloud of redundancy had not had a silver lining, Mr Tomlins said. The ownership of the national press had not become significantly more diverse in that time.

*Mr Tomlins said* the one new national title that was making money was the tabloid Sunday Sport. This was being produced *by traditional methods by* members of the print unions who faced redundancy elsewhere, he added.

A motion requiring the general council to undertake a review to identify action "necessary to establish a genuinely free and diverse press" was passed after being seconded by the National Union of Journalists.



# OTHER LABOUR NEWS

## Support for Government's reform plans

BY DAVID BRINDLE, LABOUR CORRESPONDENT

THE GOVERNMENT, facing widespread criticism of some of its proposals for further trade *union reform*, has received welcome support from several employers.

It is believed that Rover Group, the Newspaper Society and the Association of Independent Businesses, representing a claimed 25,000 small companies, are among those who have responded positively to the Green Paper, Trade Unions and their members.

Few, if any, employers have so far come out publicly in support of all of the proposals, which are expected to be set out in a bill next month.

Instead, employers have commonly expressed serious reserv... cularly that which would prevent unions disciplining members who defied a lawfully balloted strike.

It was disclosed this week that even the Conservative Trade Unionists group had come out firmly against this proposal and had expressed doubts on another.

However, the Newspaper *Society*—the *organisation* representing the regional press—confirmed yesterday that it had given broad approval to the Green Paper. *While it* understood others' reservations on the discipline issue, it felt the proclamation of a right to work to be more *important, it said*.

Rover Group, the state-owned car producer, said it, too, had backed the Green Paper proposals—though not

Ministers are making efforts *to appease the most prominent* criticis of its proposals in a series of meetings. However, it has been stressed that the *main planks of the* Green Paper will feature in the bill.

Ministers point out that many of the critics also had doubts about the Trade Union Act 1984, but have since come to appreciate its benefits.

## Royal Opera pay strike may be near settlement

BY JIMMY BURNS, LABOUR STAFF

A PAY strike by choristers of the Royal Opera House, which has disrupted the opening of the season, appeared yesterday to be close to settlement.

Equity, the actors' union, which is representing the 69 striking choristers, was expected to recommend a return to work next week after the management made an improved offer.

Details of the revised offer were not being disclosed. But union officials said it went "some way" towards meeting the choristers' demands *for* parity with the employees of the English National Opera.

The offer, believed to be *more than 5 per cent extra on* pay rates, was made yesterday after talks the previous day at Acas, the conciliation service, had appeared to make little progress.

Although the choristers had not discussed the *fresh* offer, Equity indicated it might be acceptable in view of the parlous state of the ROH finances.

The ROH said yesterday that it was facing a shortfall of £1.3m over the 1987-88 season because of the small projected increase in Arts Council funding.

The dispute has led to the cancellation of the season's opening performance of Tannhauser yesterday and next Wednesday. The cancellations have cost the ROH more than £80,000 in box office revenue.

The pay of professional singers in the UK was a disgrace, *Mr Peter Plouviez*, Equity's general secretary, told the TUC Congress in Blackpool yesterday.

Referring to the ROH, he said: "They have been paid so poorly that the most experienced, highly-trained chorus singer in the leading opera company of this country was only paid £176 a week.

"That visiting overseas singers are being paid between £8,000 and £9,000 per performance also indicates what a misguided sense of priorities the management have."

Mr Plouviez was speaking in support of a resolution critical of the "serious under-funding" of the arts and calling for increased government support.

## Seamen lead way on using balloting services agency

BY JIMMY BURNS

*THE NATIONAL* Union of Seamen is to be the first union to use the new balloting services agency set up jointly by Unity *Balloting Services, a subsidiary* of Unity Trust, the trade union bank, and Security Balloting Services.

*The NUS's decision* to use the agency follows allegations earlier this year of malpractice in a previous election conducted *by the union*. The allegations led to a TUC inquiry.

The NUS said yesterday: "We want to ensure that everything is above the table and that we all seen to be doing everything above the table."

A fixed-cost balloting service to unions was one of the initiatives announced by Unity Trust at the TUC Congress on Wednesday.

Under an arrangement with the NHS, Unity Balloting Services will this weekend begin to send out ballot papers to the union's 20,000 members in an election to choose their new deputy general secretary.

## Funerals dispute ends

BY OUR LABOUR STAFF

A BITTER three-week dispute which halted council burials and funerals in Liverpool ended yesterday.

About 90 families were forced to wait to bury dead relatives, as a result of the strike by 30 cemetery drivers over a £10 a week pay rise.

Mr Ian Lowes, of the GMB general union, and a prominent supporter of the Militant Tendency, said the drivers would return to work today and funerals would resume on Monday, after the union and council officers agreed the issue should be put to arbitration.

The dispute started when the drivers went on strike after they were not offered a £10 a week rise awarded to members of the Transport and General Workers Union.

## Miners warned on effects of action

BY CHARLES LEADBEATER, LABOUR STAFF

BRITISH COAL yesterday warned that a national overtime ban by the National Union of Mineworkers could threaten the industry's future, in the light of increasing pressure from the Central Electricity Generating Board for the corporation to deliver cheaper coal.

British Coal will meet the NUM executive on Monday for important talks aimed at settling their dispute over the corporation's revised disciplinary code. The NUM executive last week decided to call a national overtime ban from September 21, unless a settlement was reached.

The CEGB has said the corporation will have to halve the price of power station coal over the next four years, to prevent the electricity supply industry turning to cheaper imports.

Mr John Northard, the corporation's director of operations, warned that industrial action could lead to pit closures. Members of the NUM executive believe British Coal is considering temporarily improving the terms of its redundancy scheme, possibly with the help of European Community funds, to facilitate a faster than planned shedding of labour.

While the demand for cheaper coal will strengthen British Coal's hand in the negotiations, corporation executives believe privately that there is only limited room for coal imports, because any substantial buying in the world market would raise the price of coal imported into Europe. British Coal supplies about 75m tonnes a year to power stations.

Monday's talks will centre on *the NUM's insistence that* disciplinary procedures should include some form of binding arbitration as the final court of appeal, rather than allow the union to support legal action by its members.

John Liptrott: UDM general secretary

The breakaway Union of Democratic Mineworkers, which met the corporation yesterday, said it would strongly object to any change which would prevent it supporting legal action by its members in unfair dismissal cases.

However, neither Mr Kevan Hunt, the corporation's head of industrial relations, nor Mr John Liptrott, the UDM's general secretary, ruled out the possibility that miners may be offered a choice as to which system should form the final court of appeal.





APPOINTMENTS

## Managing director of new division at Birmid Qualcast

BIRMID QUALCAST has appointed **Mr Charles Young** as managing director of the newly-created consumer products division. He will be responsible for all the division's operations which include the recently acquired New World and Gardex/Foldor businesses as well as Potterton central heating and Qualcast and Atco lawnmower subsidiaries. He joins from AE where he was a divisional managing director. *Birmid Qualcast has restructured* its operations into two divisions. Consumer products under Mr Young and industrial products *under* **Mr Malcolm Ray** *who was* appointed in May 1987 and is responsible for the metal casting companies.

★

**Mr John Ramsey**, senior partner in Arthur Young, has been appointed a non-executive director of *REMPLOY*.

★

**Mr Teruhisa Shimizu** has been appointed chairman of SUMITOMO FINANCE INTERNATIONAL. He comes to take up his post in London from Sumitomo Bank of California where he was president. Mr Shimizu [illegible] president of Sumitomo White Weld, the founder company of Sumitomo Finance *International*. **Mr Iwao Hirano**, president and managing director since October 1984, will be leaving to take up a post in the *head office in Tokyo*. His successor is **Mr T. Nakamitsu**, *who joins* Sumitomo Finance International from Sumigin Bankers Trust, a joint venture between Sumitomo Bank and Bankers Trust in Tokyo, where he was president.

★

**Mr Brian Croman**, formally vice president of Young and Rubicam International and deputy president of Marsteller International has been appointed deputy chairman of SINCLAIR *TECHNICAL SERVICES*.

★

**Mr Ron Brown** has been appointed finance director of *BEAUMONT HEALTH CARE*, a member of the Egerton Trust group of companies.

★

*Mr Stephen Matthews has been* appointed non-executive chairman of COPYMORE, an office equipment supplier. Mr Matthews *is a director of several companies* including Bellwinch and until its recent return to private status was deputy chairman of *International Leisure Group*.

★

**Mr David Tucker** will be retiring from the board of M & G GROUP *from March 31 1988 to* pursue his interests outside the City.

★

**Mr Peter B. Haycock**, *son of* the founder, will remain chairman of SHERRY & HAYCOCK GROUP, Ferndown, Dorset, but has *relinquished* the post of group managing director to his eldest son **Mr Robin P. T. Haycock**, who was *previously* assistant managing director. His younger son, **Mr Christopher Haycock**, has been appointed *assistant group managing director*. Director **Mr James Hall**, who joined 12 years ago to form the builders merchants division *will retain responsibility for that* division as well as taking overall control of group sales and has been promoted to group *sales director*. *Company secretary* **Mr Trevor Edgson** has been promoted to the board of financial director.

★

As part of the re-organisation of the London branch, of THE INSURANCE CORPORATION OF IRELAND, **Mr Colin Yellop** has been appointed as London manager, underwriting and **Mr Alan Prime** as London manager, claims.

Mr Charles Young, divisional managing director, Birmid Qualcast

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# Problems are soluble

NEVER overlook Murphy's law: if anything can go wrong, it will go wrong. Yet the remarkably firm statement by Mr Paul Nitze, President Reagan's chief adviser on arms control, in Brussels this week that an agreement on the elimination of medium range nuclear missiles could be in sight does seem to indicate a turning point in superpower relations.

It is true that almost at the same time Mr Viktor Karpov, Mr Nitze's Soviet counterpart, was outlining some of the difficulties that still lie ahead and perhaps even setting new conditions for any accord. But the momentum for an agreement is there. Mr Eduard Shevardnadze, the Soviet Foreign Minister, will meet Mr George Shultz, the US Secretary of State, in Washington next week and the ground could be laid for US-Soviet summit before the end of the year — incidentally the latest date decently compatible with the American presidential election campaign.

### Favourable signs

Other signs, too, are favourable. The situation in the Gulf may still be horrendously dangerous, but it is notable that as the dangers have risen the superpowers, however cautiously, have come closer together. Mr Perez de Cuellar, the United Nations Secretary-General, is not visiting the area of his own accord. He is involved because the permanent members of the Security Council, which includes the US and the Soviet Union, have requested him. The Security Council remains a useful instrument when the superpowers have run out of ideas of their own and do not want a regional conflict to get out of hand.

In Europe the visit of Mr Erich Honecker, the East German leader, to the Federal Republic this week would never have taken place without the consent of Washington and, especially, Moscow. It may not have resolved very much: certainly not the "German question," however that may be defined in the late 1980s. But at least two German states are establishing a *modus vivendi* of the kind envisaged by Mr Willy Brandt when he embarked on the *Ostpolitik* nearly 20 years ago.

Then, as now, big detente and little detente tended to move together. If the superpowers were co-operating, the smaller powers had a little more leeway. When the superpowers fell out with each other, little detente was also a casualty.

We have lived without superpower accord for so long that there may be an tendency to underestimate the benefits that it could bring. There was, after all, no nuclear war and precious little threat of one, despite the absence of progress on arms control. President Reagan simply went his own way while the Soviet Union seemed condemned to rule by gerontocracy. Yet it was still a potentially anarchic world. The Soviet Union was not playing its full part while the Americans sometimes developed alarming habits of going off on their own. Meanwhile strategic armaments reached a level of overkill that was mathematically ridiculous.

The limitation of such weapons should be a benefit in itself, the more so as the agreements in sight encompass reductions and in some cases the elimination of certain categories of missiles rather than the ceilings on future growth that were the aim of arms control negotiations in the past. If they come off, they should be a statutory reminder to a sometimes doubting public opinion in Europe that competition in armaments can be controlled.

A reduction in strategic and intermediate nuclear forces is, of course, not enough, as some of the Europeans will be the first to say. Imbalances in conventional forces will remain. Yet it may be that without nuclear agreements, progress on conventional arms control is impossible. Certainly that would be the experience of the talks on conventional force cuts that went on for over a decade in Vienna. Possibly the one leads to the other: nuclear reductions first, then the mutual self-confidence to negotiate cuts on the ground.

### Areas of conflict

It is also true that the failure of the superpowers to agree on arms control made it increasingly difficult for them to agree on anything else. That point was valid even if one took the sceptical view that arms control was an over-rated subject and that all that really mattered was preserving a rough blance of power. The fact is that there are times when superpower co-operation is essential. The disagreement on strategic weapons made it harder to come by.

The Gulf is just one area, though a big one. Central Europe is another. So perhaps is the Middle East in general. Even smaller areas of conflict such as Central America could prove less inflammable if Washington and Moscow are on closer terms, not to speak of possible conflicts to come in Southern Africa.

To be sure, it has not happened yet and there must always be a proper respect for Murphy if only because he has so often been proved to be right. But the other way of looking at it is that problems are soluble, and are being solved.

Drama at Hill Samuel has illuminated the competitive world of corporate finance. **Martin Dickson** reports

# Trials of the transfer market

**Trevor Swete**

*Dismissed this week by Hill Samuel*

**Roger Seelig**

His star waned in the Guinness scandal

**Michael Gatenby**

Moving Charterhouse fast up the league

**John Nelson**

Head-hunted to lead Lazard's team

IMAGINE A STRUGGLING first division football club which suddenly sacked its two biggest crowd-pullers — the captain and the ace goal scorer — for secretely discussing the sale of the entire team to a rich and ambitious second division side.

A City equivalent took place this week at Hill Samuel, the merchant bank, which has been suffering a crisis of confidence since the recent collapse of merger talks with the much larger Union Bank of Switzerland.

*On Tuesday, Hill Samuel* startled the City by summarily dismissing Mr Trevor Swete, head of its corporate finance department, and his deputy, Mr Christopher Roshier, for trying to negotiate the sale of the entire department to Barclays de Zoete Wedd. BZW has a much smaller corporate finance department than Hill Samuel but, backed by the financial muscle of Barclays Bank, has big ambitions.

Whatever the rights and wrongs, few tears need be shed for Messrs Swete and Roshier. They are both relatively young —in their early forties—and highly employable.

As in football, the world of corporate finance has many players but few outstanding talents. And despite the bitching of some rivals, Swete and Roshier are widely respected in the City. Indeed, they have spent much of the past few days at Mr Swete's Holland Park home taking calls from well-wishers and people keen to snap up their services.

Hill Samuel, by contrast, appears to many observers to have shot itself in the foot. Without Swete and Roshier, its corporate finance team has a decidedly humdrum profile.

The messy affair underlines three important facets of the City after last year's Big Bang deregulation:

One is the intense competition being mounted to the

**Like football, the world of corporate finance has many players but few outstanding talents**

merchant banks, which have traditionally dominated the lucrative corporate finance field, by new rivals, both domestic and American.

The second is the much more fluid relationship that exists between a company and its merchant bank advisers, as the rival securities houses bombard chief executives with bright ideas which they hope will enable them to poach clients.

The third is the importance of the individual corporate financier as a source of those bright ideas—and the limited supply of really outstanding talent. If you ask the top men in the field to add up the names of rivals they really respect, few will count beyond 20. As a result, they can command high salaries of some parts of the City. At corporate finance director at a largish bank could expect to earn between £100,000 and £200,000 a year, including bonuses.

Just who are these people and how do they earn their money? A corporate financier has three essential jobs. One is to help a company raise capital, be it by floating it on the stock exchange, a rights issue or a tranche of debt. Another is to advise the company when it is making a takeover or threatened by one. And the third is general "hand-holding" over relations with the City and group strategy.

The breed has acquired a high public profile through the merger wave of the past few years and, in particular, the aggressive tactics of the star players at Morgan Grenfell, who tested the gentlemanly rules of the takeover code to the limit.

In contrast to the discreet anonymity preferred by many merchant bankers, the leaders of the Morgan Grenfell hit squads became public figures landed in the press for their acts of financial derring-do, and none more so than Mr Roger Seelig, who advised in many of the most dramatic takeover battles of 1985 and 1986.

Mr Seelig is a flamboyant personality, with the looks, dress and air of a dandy. A widespread image at the time was of him keeping a mobile telephone constantly at his side —even in the opera box—which seemed in the popular imagination to epitomise a life of fast-moving sophistication supposedly enjoyed by the kings of corporate finance.

But then came the Guinness affair and allegations that a huge share-ramping operation had been conducted during the brewing company's successful £2.5m bid for Distillers. Mr Seelig and Morgan Grenfell parted company and the fame of both turned to notoriety.

In reality, Mr Seelig and his colourful ways were never typical of London's corporate financiers. For one thing, many houses deliberately avoid the cultivation of public "stars" on the grounds that this could lead to internal jealousies. For another, many of the leading players show to the outside world personalities which seem as bland as they are smooth.

Typically, they will be males (women hardly figure at all) in their late 30s and early 40s, having been in merchant banking for 15 to 20 years, often coming to it from an accountancy background. They will either have been to a public school or speak as if they had. For example, the tall, earnest and concerned Mr Roshier has the air of someone who would make an excellent head boy.

Social graces are an advantage, but they take second place alongside the ability to come with good ideas. That also explains why many younger recruits to the profession are coming from business schools, which encourage original thought, rather than from accountancy or the law.

To get anywhere, a recruit will need a thorough knowledge of British companies and their history, of Stock Exchange regulations and of the Takeover Code — a document which is as readily comprehensible as the Dead Sea Scrolls.

But to get to the top demands more elusive qualities. One is a wide spread of business contacts. Another is to prove oneself a master of strategic thinking during a takeover battle or the creator of novel financial packages. And of particular importance are the social skills and character which can inspire trust and confidence in the company for which one is acting.

"It all comes down to people," argues Mr Terry Simpson, chief executive of Norcros, the building supplies group, which earlier this year fought off a bid from Williams Holdings. "If you can't empathise, it's a waste of time."

Norcros is advised by one of the fastest rising houses in the field, Charterhouse, whose corporate finance department is headed by 42-year-old Michael Gatenby, a quiet, undemonstrative man who came top of the country's chartered accountancy exams in 1968. He moved to Charterhouse from Hill Samuel two years ago and—to use another football analogy—has moved it from well down the third division to near the top of the second. Norcros followed him from Hill Samuel to Charterhouse.

In addition to empathy a good corporate financier also needs the tact to deal with the outsize egos of some captains of industry and the cunning to change their views. "There is a lot of skill," says one top adviser drily, "in arriving at the right answer to a problem and getting your client to think it was his idea."

But no matter how good a particular merchant banker may be, the role of the individual can be grossly overstated. Success also depends on the culture of the house for which he is working and wider human and financial resources it can bring to bear on its client's behalf. It is the complex interaction of these elements which will sort out the winners and losers in the current battle for business.

The merchant banks which have long dominated corporate finance work—such as S. G. Warburg, Morgan Grenfel, Kleinwort Benson, Schroders and Hill Samuel—find after Big Bang that they face challenge on all sides: from the investment banking arms of the High Street clearing banks; from the corporate finance divisions of top broking houses, such as Hoare Govett and Phillips and Drew; and from the large American investment banks which have been muscling into the London market.

The offshoots of the clearers are putting in the strongest challenge, using, in particular, the huge financial resources of their parents to woo clients and do deals. Take, for example, *Samuel Montagu*, a subsidiary of the otherwise troubled Midland Bank. Lacking a long client list, it consciously set out to carve itself a niche in highly geared bids, where a small company bids for a much larger one. Its first major coup was in advising Argyll Group in its battle for Distillers—a company more than three times Argyll's size.

Montagu lost to Guinness, but ironically the battle which ultimately shattered Roger Seelig's reputation was the making of that of Rupert Faure Walker, the 39-year-old head of Montagu's UK takeover team. This year he added to his credits the daring and successful bid by the tiny WPP group for J. Walter Thompson, the US advertising agency.

**At the other end of the spectrum are 'boutiques' which concentrate on corporate finance**

If that deal took the City's breath away, a similar one a few weeks later masterminded and underwritten by County NatWest, the investment banking arm of the National Westminster Bank, left is gasping. Blue Arraw, a medium-size staff recruitment group, made the London market's biggest ever rights issue (£837m) to finance a bid for Manpower of the US.

Operations such as that underline the fact that a willingness to commit large sums of capital to a client's cause is now one of the keys to success in corporate finance work. County, BZW and Montagu have all moved sharply up the league table of takeover advisers in the first six months of this year.

But it need not necessarily be the crucial factor, as is demonstrated by S. G. Warburg, the house which is probably most admired by the merchant banking community, and which over the past few years has arguably enjoyed the most consistent record of corporate finance success.

Warburg is among the biggest of the securities houses based on traditional UK merchant banks — admittedly a long way behind the clearers and the Americans — but it does not splash its money around. Its repuation is based squarely on the quality of its advice. Significantly, it eschews the cult of personality, and it has suffered remarkably few staff defections to other houses.

Its two recent rivals at the top of the corporate finance league — Kleinwort Benson and Morgan Grenfell — do not seem quite so happy. Morgan still beads the league table for takeovers handled, but its morale has been hit hard by the Guinness affair, and it has lost some clients, though, in the circumstances, remarkably few. Kleinwort has dropped some way down this year's takeover league, but it has picked up some big new clients, such as Sears, the retailing group. All these groups have ambitions to be major integrated securities businesses. At the other end of the speckrum are houses which have decided to remain as corporate finance "boutiques" — concentrating on this one area.

A successful example is Lazards, which has in the past year head-hunted two of the City's more interesting deal-doers to its team. One, John Nelson, managing director of corporate finance, came from Kleinwort; the other, Nicholas Jones, from Schroders, has built up a good track record for defending companies against hostile bids.

Lazards' list of client has expanded by about 50 per cent over the past year, to round 80. That is still well behind the leaders, but it shows there is a role for a small house, which is long brains and short on capital, in the new City.

Lazards and its kind should be helped by the increasing propensity of companies to employ several financial advisers for different needs, rathe than relying on a single house as in the past.

*Sir John Nott, chairman of Lazards*, argues that companies will still want to go to the finest specialist in each area: "If they want money at the *finest rates they may get that* from th Japanese . . . if they want the best corporate finance advisers they may not go to big house bureaucracies, because that is *not where they* thrive."

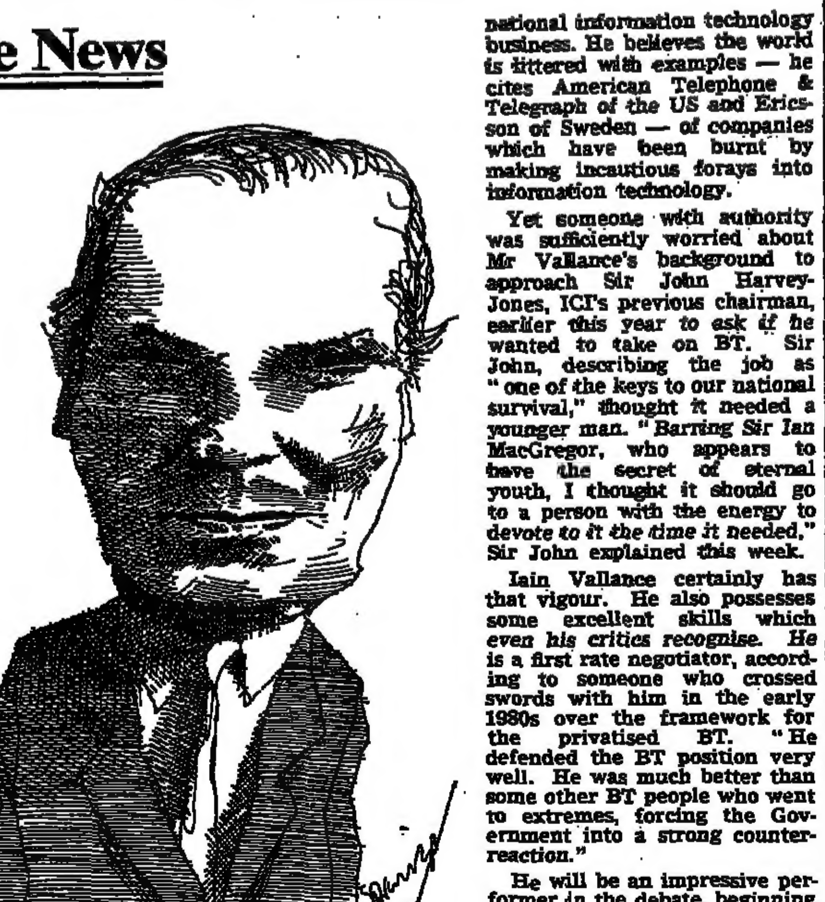
Brave words, but there are plenty of big houses with large chequebooks and highly regarded financiers out to prove him wrong.

## Man in the News

Iain Vallance

# Out of the war but into the firing line

By David Thomas



WHEN IAIN VALLANCE, newly appointed chairman of British Telecom, left Oxford he faced an unusual choice: join the Post Office, BT's predecessor, or risk being sent to Vietnam.

Mr Vallance was set to take a job with a television company in the US, but in those days that would have meant making himself available for service in Vietnam—a price he thought a little too high. So he fell back on the Post Office, where his father had been Scottish director, just as it was losing its status as a Government department.

This week, the new BT chairman could be forgiven for thinking that he has exchanged one firing line for another. He is now the prime target for every irate BT customer—and there are plenty. He knows that his immediate task is to rescue the company from the abyss of public contempt into which it has fallen in the past few months.

Mr Vallance went straight from the four-hour annual meeting in Birmingham where his appointment was announced, to the studios of Newsnight on Wednesday evening. The next morning he was off bright and early to breakfast television, before dealing with a conveyor belt of journalists during the day, many of whom were baying for blood.

The adrenalin was still pumping through Mr Vallance on Thursday afternoon, but for once there was also tiredness round his eyes. Even so, he was able to pour out fluent answers to questions almost before they were posed.

This is the mark of a real professional. But a professional what? His detractors — and there are enough of those—say his skills are of cu kind: he is a political manipulator, a committee man, an articulator of the consensus. What he lacks, they claim, is boldness, decisiveness and toughness—precisely the qualities BT needs now. "He is very able, likeable and comes across very well, but he lacks general business experience," said one who has recently left BT.

That Mr Vallance lacks outside experience can be seen in his record: except for a two-year MSc at the London Business School, Vallance has spent all his career at the Post Office and BT. But he denies this makes him an organisation man.

"You don't get to be chairman of BT at 44 by following the organisation, you get it by bucking the organisation," Vallance retorts.

He gives as an example his time as managing director of BT's local communications services, the company's biggest division by far, during the period straddling privatisation in 1984. He overhauled the company's structure on the ground. "If you want a revolution, it is best to get a revolution from within," he argues.

But this begs the question whether he is tough enough to push through a revolution. He is not a table thumper; he does not lose his cool.

One ex-BT man remembers his surprise at what he calls the ease with which it was possible to get through budget reviews with Mr Vallance. "BT needs a bit more rough and tumble. There are too many nice chaps in BT," he says.

Mr Vallance dismisses this too, saying that he handled the great run-in with the unions in 1984 when they tried to stop privatisation. He partnered Mike Bett, managing director of BT's inland business, in outfacing the unions' industrial action this year.

Of the parallel charge that he is cautious, Mr Vallance says: no — if it means diffidence or being all mouth and no action. But yes — if it means BT has to get its core network right before it strikes off in bold new directions in the international information technology business. He believes the world is littered with examples — he cites American Telephone & Telegraph of the US and Ericsson of Sweden — of companies which have been burnt by making incautious forays into information technology.

Yet someone with authority was sufficiently worried about Mr Vallance's background to approach Sir John Harvey-Jones, ICI's previous chairman, earlier this year to ask if he wanted to take on BT. Sir John, describing the job as "one of the keys to our national survival," thought it needed a younger man. "Barring Sir Ian MacGregor, who appears to have the secret of eternal youth, I thought it should go to a person with the energy to devote to it the time it needed," Sir John explained this week.

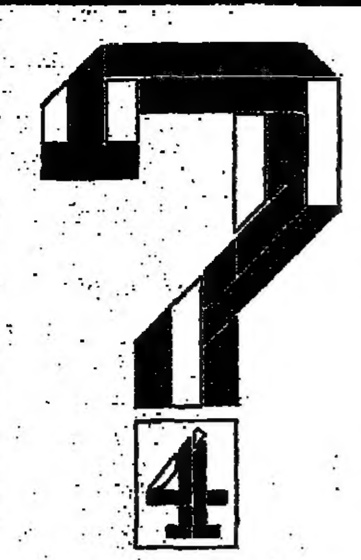
Iain Vallance certainly has that vigour. He also possesses some excellent skills which even his critics recognise. He is a first rate negotiator, according to someone who crossed swords with him in the early 1980s over the framework for the privatised BT. "He defended the BT position very well. He was much better than some other BT people who went to extremes, forcing the Government into a strong counter-reaction."

He will be an impressive performer in the debate, beginning behind the scenes, about the structure of UK telecommunications in the 1990s. If anyone can, he is the man able to paint BT in the best possible light for the public.

The key to Mr Vallance's performance may lie in the partnership he will forge with Graeme Odgers, named as BT's managing director this week. Unlike Mr Vallance, he has spent all his time outside the company, most recently as managing director of Tarmac, and came to BT with a reputation for toughness. He will take over responsibility for day-to-day running of the business, leaving Mr Vallance to become more involved in strategic matters.

# Four what it's really worth

**Raymond Snoddy on the battle for the future of television's Channel 4**



What do Mr Michael Grade, BBC Television's director of programmes, Mr Edmund Dell, former Labour Cabinet minister, and Mr Alec Kenny, media director of advertising agency Saatchi & Saatchi Compton, have in common?

Answer: all three want to see Channel 4, Britain's innovative fourth national television channel, given at the very least the right to sell its own airtime if not actually placed on the list of Mrs Thatcher's privatisations.

At the moment the channel which has brought American football, alternative comedy and current affairs, and the innovative Film on Four series to the British small screen — and which has created, almost single-handed, an independent production industry in the UK — is a wholly owned subsidiary of the Independent Broadcasting Authority.

In one of those peculiar British compromises, Channel 4 and its Welsh language counterpart, S4C, are funded by an annual subscription from the 15 regional independent television companies, based on 17 per cent of total net advertising revenue. In return the ITV companies sell the advertising time although they have no editorial control over Channel 4 programmes.

As the channel approaches its fifth anniversary, its future is uncertain: the British Government is putting together a comprehensive broadcasting bill to introduce more competition into commercial television.

Mr Grade hopes that a separate life for Channel 4 will increase the financial pressures on ITV and give the BBC a breathing space. ITV advertising revenues grew by about 20 per cent last year — they now exceed £1.2bn — while the BBC licence fee is indexed to the RPI.

Mr Kenny and the advertising industry, told by the Government they cannot have advertising on BBC television, want competitive selling of Channel 4's airtime as a consolation prize. Mr Kenny concedes that competitive selling of a fixed supply of television airtime on ITV and Channel 4 might drive the price up rather than down but is prepared to take the risk.

Mr Dell, chairman of Channel 4 from its foundation until he retired this summer, wants autonomy because he believes Channel 4 has earned the right "to steer its own canoe" and that the IBA is "not a suitable body to run Channel 4." A former Labour Minister, he believes that when things get difficult the authority, which regulates all commercial television in the UK, tends to side with its first born—the ITV companies.

As an example he cites what happened when advertising revenue unexpectedly turned down sharply in the first quarter of 1985. The IBA immediately put pressure on Channel 4 to accept a lower subscription, he points out.

And in the early difficult days of the now successful Channel 4 News, when audiences were tiny and critics seathing, Mr Dell says he was prevented from writing a stiff letter of complaint to the providers of the programme Independent Television News which is screened on Channel Four.

"I was called to the IBA and asked by John Whitney (director general) in the presence of Lord Thomson (the IBA chairman) to withdraw the letter," says Mr Dell.

The battle for the future of Channel 4 became a live political issue last year with the publication of the Peacock Report into the future of British broadcasting.

It recommended that Channel 4 should have the option of selling its own airtime as an alternative to being funded by annual subscription. The Peacock Committee, however, was vague on detail. The report said simply that it was "ludicrous" that both Britain's commercial television channels should be under the same cosy roof.

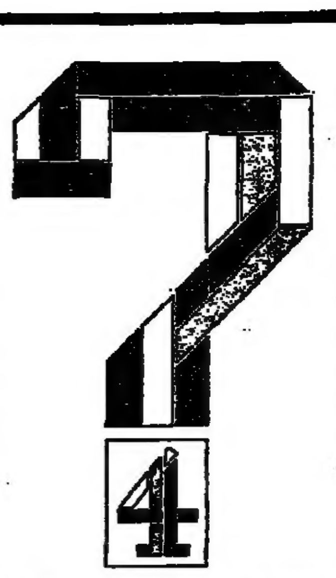
Professor Alan Budd of the London Business School, in a study for Channel 4, argued that the channel could be financially independent on about 14.5 per cent of total advertising revenue — not much more than it receives now — provided there is real growth in television advertising revenue of 5 per cent a year and the channel keeps cost increases to 3 per cent annually.

The Channel 4 board, under new chairman Sir Richard Attenborough, the film producer and director, is now waiting to hear from the Government. The board's official position is that the Channel is happy with its existing source of funding but would be prepared to consider alternative structures provided the current programme remit—to be innovative and to cater for interests not met by the other three national channels—can be protected.

In the midst of clashing vested interests and competing ideologies of broadcasting a host of questions remain. Whose interests would the separation or privatisation of Channey 4 serve? Could a channel which is used to an automatic source of finance survive unscathed in a competitive world? Would it be forced downmarket by commercial imperatives in a search for ratings? Will the competition damage the ITV regional system?

It is difficult to see how the viewers — usually between 7-8 per cent of the total television audience — would benefit much from a stand-alone Channel 4. But they could lose a great deal if the present diversity were to perish.

There is a growing consensus, even within some ITV sales departments, that Channel 4 could probably earn its own keep, although costs would obviously rise.



This financial year, it will have an income of £163.4m, about 13.6 per cent of net advertising revenue (the balance of the 17 per cent from ITV goes to S4C) and would probably need about £210m this year if it were run as a separate organisation. The extra bill would include IBA transmission charges, the creation of a national advertising sales team and the costs of promotion. At the moment ITV promotes Channel 4 programmes on screen as part of a complementary service.

The biggest question of all, and one the Government is taking seriously, is how Channel 4's programme remit could be protected in a competitive environment. Mr Richard Dunn, managing director of Thames Television, the largest ITV company, believes that any drastic change to the Channel 4 structure, probably in 1993 when extended ITV franchises run out, would come at the most unsuitable time. ITV would already be facing growing competition from satellite channels. He fears the effect will be to drive both ITV and Channel 4 schedules downmarket.

Although final decisions have not yet been taken, all the signs are that the Government will decide to keep Channel 4 as an IBA subsidiary, regulated as a complementary service to ITV but dependent for its income on competitive selling of its airtime.

Ironically, as Britain moves towards changing the structure of Channel 4 other countries are enthusiastically embracing it. Denmark's first commercial channel, TV2, will be largely based on the Channel 4 model. Mr John Ranelagh, a senior Channel 4 commissioning editor, leaves for Denmark next month to help set up the new channel which goes on the air next year.

# Back to the school for scandal

**Alan Friedman and John Wyles look at Italy's 'Irangate'**

Aldo Anghessa, the arms trafficker, pictured recently in an Italian nightclub.

IT WAS ONE of those contrasts which still bedevil Italy. On Thursday September 3, the Government was steeling itself to take a decision in line with the country's status as a leading modern European power when the news broke of a scandal whose elements are such an Italian cliche that they would be absurd in a work of fiction.

Unsurprisingly, the Government's decision the following day to send a task force to the Gulf did nothing to offset the acres of newspaper coverage devoted to what the Italian press is eagerly, and somewhat gratefully, dubbing "our Irangate."

President Reagan's Irangate was based on evidence of "mere" clandestine arms sales to Iran and financial aid to the Contras. Italy's, if it be so, allegedly mixes a rich and complicated cocktail of apparently respectable companies sidestepping embargoes on arms shipments to the Middle East, European terrorism, drug trafficking, the Mafia, and cloak and dagger secret service operations.

The breakthrough was apparently made on September 3 when police seized a Beirut-registered ship — the Boustany One — at Bari. The freighter was found to contain missiles, bezookas and grenade-launchers said to be destined for use by European-based Islamic terrorists. It also contained two kilos of pure heroin, 15 kilos of hashish and a small quantity of opium.

The capture of the Boustany One seemed to confirm long-held suspicions by Italian authorities of links between Middle East-sponsored terrorism and the Mafia. But last Friday, the shipment was quickly shown to be only one piece of the jigsaw.

Having secured the ship, the carabinieri in Bari then raided a hotel room and found a suitcase stuffed with documents which conveniently—too conveniently for some tastes — dragged corporate Italy into the scenario.

The documents, say magistrates, implicate Valsella Meccanotecnica, a Brescia-based manufacturer of mines that is 50 per cent owned by the Fiat group, in the "triangular" and clandestine shipment of its products to Iran by cover companies in Nigeria and perhaps also Spain, Turkey and Syria.

The magistrates have not publicly suggested that Valsella was involved in either the arms for terrorists or the drugs traffic, although they think it likely that the Brescia company's shipments may have been ferried by the same vessels. One man whom they believe could shed light on the operation is Mr Paolo Torsello, Valsella's managing director.

An arrest warrant has been issued but his whereabouts are

The bag of documents had been left behind in Bari by Mr Aldo Anghessa, a shadowy 44-year-old arms trafficker with both Swiss and Italian passports. He remained in hiding at his home near Como until Tuesday of this week, when he appeared at the carabinieri barracks at the Ligurian port of La Spezia and turned himself in.

Mr Anghessa, who had evidently been collaborating with the Italian and possibly the Swiss intelligence services to crack the arms and drugs intrigue, is an elusive figure. At first he was said to have come from Bergamo, then from Sicily. He used various aliases including a code name, "Gianni". He was convicted in 1983 on fraud charges in Switzerland and then escaped from prison.

And he wore various hats: the investigating judges say they arranged for the interception of telephone conversation between Mr Anghessa and executives of Valsella that prove (along with the documents) that he arranged Valsella shipments of mines for Iran.

On the other hand the magistrates say Anghessa was also the middleman between the Minore family's Mafia clan in Trapani and the Islamic terrorists who imported weapons into Italy.

This week Mr Anghessa was subjected to lengthy interrogation, as was Mr Ferdinando Borletti, the chairman of Valsella who was arrested with his son. Though there is nothing new about captains of Italian industry and finance being carted off to prison, their detention caused consternation in many a boardroom.

Not least that of the giant of Turin. Mr Borletti senior sits on the main board of Fiat, which, in recognition of its 50 per cent interest, supplies two of its executives as members of the six-man Valsella board. Fiat has insisted all week that it has had nothing to do with the Valsella affair. Mr Alberto Nicolello, chief Fiat spokesman, says Fiat has "no operative control over the Valsella management." At the very least, its ignorance of the doings of one of its subsidiaries casts a poor light on management controls in Italy's largest company.

Fiat was, after all, represented on the Valsella board by Mr Carlo Callieri, one of its top executives. From last December until two weeks ago, he was managing director of Gilardini, the Fiat subsidiary which holds 50 per cent of Valsella. Nevertheless, Turin says "we didn't find anything illegal" and adds that neither of the two Fiat men who sit on the Valsella board have been accused of any crimes.

Mr Nicolello revealed something about Valsella which had not featured in his company's previous statements. Valsella, he said, makes only land mines, not sea mines, despite the listing in the 1986 edition of Jane's Weapon Systems which advertises Valsella's VS-SM 600 submersible mines (with 600 kilos of explosive inside). "The insertion in Jane's was just a marketing test.

Mr Borletti, meanwhile, is being asked about a shipment last year of 30,000 land mines officially destined for Nigeria which are thought by magistrates to have gone to Syria and thence to Iran.

Clearly, the Italian government's role in policing its arms exporting policy has not been distinguished. Unusually, in a country where so much activity is regulated by law, political embargoes on arms trading with the Middle East were not backed by law until last December. Then a decree was issued outlawing trade with Libya and Syria and administrative measures were taken to block shipments to Iran and Iraq.

These were meant to be more restrictive after the first embargo decision adopted by the Craxi government in 1984, and to have been tightened even further last autumn. Evidence that they have been sidestepped would surprise nobody.

# Letters to the Editor

## Financial strength

*From Mr. T. Brown,*

Sir, — I fear that IBCA Banking Analysis whose report on US, UK and Japanese banks' relative financial strength is covered on September 2, will have done very little for its reputation by appearing to accept in a somewhat uncritical fashion Japanese bankers' arguments that all or part of the unrealised gain on stockmarket holdings should be included in an internationally accepted definition of primary capital.

No mildly intelligent person (to invoke the same arbiter deployed by IBCA) would dream of depositing money in a bank if he knew it would be used not to make advances for a fixed term with the expectation of repayment of 100 per cent of amount advanced, but to purchase stock-market securities with no fixed repayment date and a nominal face value far below the price paid for the security. The latter procedure corresponds to an investment company, not a bank, and the capital and reserves of an investment company would be expected to fluctuate in line with the stock-market valuation of its portfolio of investments.

The purpose of a bank's capital and reserves ("primary capital") is to represent the safety margin that exists to protect depositors in the event of widespread default on the bank's loans. It is inevitable that a situation where bankers generally were confronted with widespread defaults, ie economic slump conditions, would also be accompanied by a stock-market crash. In these circumstances, the value of Japanese banks' securities holdings as part of their primary capital would be shown to be completely illusory. Just when the bankers' asset safety margin is most needed, it would be worthless.

It is amazing to me how the fallacious view of the status of stock-market holdings continues to be repeated after not one, but now two cautionary tales in the Japanese markets: first the collapse of the perpetual floating rate note delusion, the principal victims of which were the asset-hungry Japanese banks, and now the rescue of Tateho Chemicals following the wiping out of its shareholders' equity in speculative market-dabbling.

I do not think it can be denied that Japanese banks have strengths which would enable them to ride a global financial disaster better than most of their notionally better capitalised European and American counterparts. These include the dedication of their staff and the solidarity of Japanese society, which would enable a bank to survive with appropriate levels of support and sacrifice from staff, fellow banks, central bank, and customers alike. A western bank could more easily come to grief for want of flexibility on any one party's side. This hidden strength, however, although well-translated into the profits-per-employee comparisons, is not translatable into primary capital ratios.

Thomas Brown.
*47, Kempsford Gdns, SW5.*

## BT's vital role

*From the Chairman,*
*Air Call Communications*

Sir, — As a major competitor to British Telecom in the liberalised telecommunication arena, I was dismayed at Sir George Jefferson's resignation (September 10).

British Telecom has a vital role to play in supporting the whole UK electronics industry. Its millions of pounds of research and development monies spent annually have done more to give UK electronics a chance of survival than any other body, government or otherwise.

Sir George led and cajoled whole sectors of the British electronics industry into the painfully unprotected world market atmosphere. Little understood by the consumer, unappreciated by the industry, this was and will continue to be a major requirement of the UK's largest international telecom company.

In the Government's dash for liberalisation, British Telecom was too big an operation to be launched as one. Now, we must not just take care of today's problems but the future strength of our leading service company and its role in British industry.

Sir George achieved for the consumer more than anyone could have demanded. The pity is that his wider achievements are not appreciated.

Warren Tayler.
*176-184, Vauxhall Bridge Rd, SW1.*

## Effective training

*From Mr J. Tulloch*

Sir, — Judging the value of training done by the prevalen method of calculating the amount of money spent on it, expressed either as a percentage of GNP or turnover or whatever is so crude a measurement as to be irrelevant. Such an approach to the problem only compounds the current error of concentrating obsessively on input from the training system rather than on the more effective route of defining the outcome required from the trainee or student.

There has to be a change of emphasis from what should be taught (by the trainers) to what has to be learned by the trainees and students to do certain jobs, both now and as a result of development in the near or intermediate term. The outcome of this learning must be properly defined in terms of skills for specific bits of work, of the conditions under which they are to be done and the standards required.

All this can be done by a manager who in detail knows what the job(s) requires in connection with a training specialist who knows what he's doing. There must be less reliance on centrally run courses and formal teaching input. Most people have an innate ability to learn a great deal for themselves at the place of work, given: the right climate, ie, encouragement, reasonable time, proper recognition for achievement from appropriate supervisory staff; a clear definition of what's expected from them (as explained above); and reasonable access to learning material and to experienced colleagues.

Jack Tulloch.
*Hollies, Plantation Road, Hillbrow, Liss, Hants.*

## Molecular biology

*From Mr R. Cooper.*

Sir,—Giles Merritt (September 5) states that the "bio-revolution" can bring "potentially disastrous consequences!" It is true that the technology of molecular biology arms us with immense power; the power to alter the essence of life itself (the genetic material). This power can greatly enhance our lives in the realms of medicine, energy production, food processing, waste management, material production and agriculture. The use of this technology is also potentially dangerous and so great care and fore-thought must be exercised.

The answer is not to attempt to kill the technology but to manage it to bring only what is desirable for us all. The challenge is for the politicians to modify policies (such as CAP) to facilitate the beneficial utilisation of biotechnology.

If we can produce more food using less land and resources in a world with an expanding population then this must be useful in a world where so many people are undernourished. The surplus land and resources can then be put to other uses such as housing, conservation and the provision of amenities for our increasing leisure time.

If politicians are to be able to manage molecular biology then both politicians and public must be educated to understand it. An ignorant public can easily be scared by stories of "square tomatoes" and thus fail to encourage molecular biology in the fight against disease and famine. Equally, an ignorant public will be unaware of the possible dangers of molecular biology such as in the release of genetically manipulated organisms into the environment.

The domination of this planet by homo sapiens is at a crucial stage. If we really are wise men then we will learn to use this new tool safely and to our advantage if not then we do face "disastrous consequences."

Roger B. Cooper.
*1 Spinney Close, Spinneyfield, Rotherham, Yorks.*

## A strategy for electricity

*From the General Secretary, Engineers' and Managers' Association*

Sir, — In his letter of September 5, Mr Larkin gives up the intellectual case for competition in electricity generation and opts to attack my association instead.

Allen Sykes and Colin Robinson (September 7) are a bit more sophisticated, but their letter amounts to much the same thing. They agree there is no empirical evidence which demonstrates that privatised generation has any inherent superiority of performance over public ownership, and go on to cap this by also agreeing there is no competition between electricity generating undertakings anywhere in the world!

Undaunted by the significance of what they agree with me about, Messrs Sykes and Robinson assure us that "there are in fact firm foundations in the work of economists . . . for the view that injecting competition into monopoly is beneficial." Well, well. That disposes of the issue then! The only problem is that, while in general, competition works better than monopoly, it is not possible in electricity generation. That is the point Sykes and Robinson have to deal with, and did not.

Sykes and Robinson are correct that the national merit order system reflects station operational costs. Who said otherwise?

On the matter which has upset your correspondents so much, the attitude of my association to manning levels, they should again beware of commenting on a matter on which they are not well informed.

My association is certainly interested in manning levels. Why shouldn't we be? We agree different manning levels in different types of power stations and under different running régimes. We agree reductions in them as well as increases depending on a variety of relevant factors. The guiding criterion is the work that has to be done, subject, of course, to ensuring safe operation. We would not agree, for example, to staff nuclear stations at a level the engineers who run them (our members) thought would be unsafe. Do your correspondents want it otherwise?

What we shall insist on under privatisation is that the existing national negotiating machinery is retained. Contrary to Mr Larkin's belief, it is not the product of a "monolithic monopoly," but dates from 1919. It was developed by both sides of the industry when it consisted of many dozens of private as well as municipal utilities, and this was inherited when the industry was nationalised. The reason it was developed against that background was that it gave mutual confidence and stability in a vital industry. It has continued to do so. As its history shows, this machinery will be tailor-made for a privatised industry.

John Lyons.
*Station House, Fox Lane North, Chertsey, Surrey.*

## Not quite perfect

*From Mr C. Burridge*

Sir,—The FT is nearly perfect. Regular enhancements like the recent FT-Actuaries World Index and a propensity for "dealing in facts" sees to that. There's no shyness either in providing a diet of non-financial articles on wide-ranging topics.

Sad, then, at the continued omission of a sports results service to make the publication complete. No journalism necessary — a key results summary only please. Ideally slotted near the TV information page, coverage of international achievements in the main sports would clearly have appeal — even in European editions.

Who knows such a diminutive step might even prove cost-effective in circulation terms. Certainly many would be relieved the daily chore of paging Teletext or sneaking glances at down-market tabloids. In short—City folk like sport! How about it FT? Do other readers agree?

Chris H. Burridge.
*69 The Dormers, Highworth, Swindon, Wilts.*

# Siebe expands in US with £138m purchase

BY CLAY HARRIS

Siebe, the British engineering group, is to pay $227.5m (£138m) for Barber-Colman, the third US controls company it has bought in a year. A £207m rights issue, also announced yesterday, will fund the cash purchase and reduce Siebe's borrowing.

The two-for-five rights issue, launched less than 12 months after a £225m cash call on shareholders, prompted Siebe's shares to fall by more than 12 per cent yesterday. They slid 115p to close at 818p, compared with the rights price of 780p.

Environmental controls, especially energy management systems for the non-residential building market, accounts for more than 40 per cent of Barber's sales. It ranks third in this field behind Honeywell and Johnson Controls.

Recent projects include the new National Gallery of Art in Washington and Merrill Lynch's corporate headquarters and training centre in Princeton, New Jersey.

Its other products include electronic controls for industry, especially plastics manufacturing, and a wide variety of controls and instruments used in aviation and motors, all areas in which Siebe is already involved.

Siebe will now rely on controls for more than half of its $2bn annual sales, of which North America accounts for 60 per cent. Robertshaw and Ranco, its two largest US acquisitions last year, specialise in temperature controls. Siebe also makes safety products and compressed air and garage equipment.

Mr Barrie Stephens, chief executive of the fast-growing group, said that Barber was a perfect fit for Siebe. This was echoed by Mr Roger Sampson, Barber president, who said from the company's headquarters in Rockford, Illinois: "We're just like hand and glove."

A private company since its foundation in 1984, Barber achieved operating profits of $15.2m on sales of $251m in the year to January 3. Although it last year bought its first manufacturing facility outside the US, Heenan Drives in Worcester, non-US sales account for less than 10 per cent of Barber's total.

Siebe said in June that it had expected to spend at least £150m on acquisitions in the year to next April. The suspicion that this would probably involve the issue of more shares had contributed to a subsequent 20 per cent decline in its share price, even before yesterday's announcement.

Mr Stephens said yesterday that Siebe did not plan to seek further finance from shareholders for at least 12 months and that no additional large acquisitions were envisaged in the short term.

The company has been criticised in particular for its high level of gearing. At the end of April, its borrowings had been equal to 138 per cent of shareholders' funds. This has been reduced to 122 per cent and will fall to 56 per cent—the lowest for many years—as the result of the rights issue. Barber will have no debt and $18m in cash when it joins Siebe.

The rights price will be adjusted to 390p to reflect the one-for-one scrip issue approved at yesterday's annual meeting.

*See Lex*

# Acquisition boost for Enterprise

Enterprise Oil benefited from a first full contribution from ICI's oil and gas assets after the agreed £115m merger in January of this year when it revealed taxable profits up from a restated £23.6m at £37.4m in the first half of 1987.

Turnover dropped from £156.9m to £111.9m. The directors lifted the interim dividend from 3.5p to 4p and after tax of £13m (£9.7m) earnings pushed ahead to 8.5p (4.8p).

Mr William Bell, chairman, said that the first half had seen good progress on Enterprise's major projects with the substantial drilling programme bearing fruit. The benefits of the merger with ICI's activities were already evident and there was the base for vigorous and sustainable growth as investments matured.

Enterprise's prospects were good and the outlook was highly encouraging, although Mr Bell tempered his optimism with a warning of the slowing effects of the fragile world oil markets.

Oil production was up from 7.1m barrels to 10.1m barrels.

Enterprise completed six exploration and appraisal wells in the first half and a further 15 had since been completed or were still drilling. Mr Bell said this programme had had encourging results.

In parallel with this drilling activity, Enterprise had continued to review its acreage portfolio built up through corporate acquisition over the past three years, disposing of interest in 15 UK blocks and nine overseas, acquiring interests in four new UK blocks and two overseas, and upping its interests in three UK blocks and one overseas. It had acquired an exploration concession offshore the Seychelles and was negotiating a concession in Egypt.

The way had been cleared for an agreed timetable leading to first oil in 1991 from the Miller oil field in the North Sea in which Enterprise had a 17.4 per cent equity stake. Production was expected to rise rapidly to 110,000-115,000 barrels a day. Production from the Ness project, in which Enterprise had a 10 per cent stake, began on August 11 and has reached 20,000 barrels. Enterprise's other projects in the North Sea continued their good progress.

**● comment**

Enterprise's decision to increase its interim dividend by ½p is a clear signal to the City that this independent at least feels confident that it has matched cash flow, exploration and development spending, with longer term funding sufficiently well to be able to maintain a steadily rising payout level over the next couple of years. For some time the market has been concerned that falling production levels—1987 will be Enterprise's peak year for this decade—would make it hard for the group to keep the dividend increases flowing while revenues were pegged or even dropping. The prospect is, short of a major oil price reverse, for a further increase at the year end of ½p—bringing the cost of the year's payout on the increased capital to £27m and the total dividend to 9½p. With the average maturity of existing debt now over six years and a generous £80m loan facility soon to be put in place, Enterprise unlike North Sea sibling Tricentrol, looks well able to fund its £300m development bill—and apparently without any assistance from RTZ. The gap in the programme remains overseas and some kind of asset swop with another company would be the cheapest solution. Net income this year should reach £46m. This puts the shares at 313p on a p/e of 19½—and the prospective yield of 4.3 per cent helps justify the hoarding costs.

# JFB agrees to purchase Woodhouse & Rixson

By David Waller

Johnson and Firth Brown, the Sheffield-based metals and engineering group, is to expand with the agreed acquisition of Woodhouse & Rixson, a manufacturer of forgings, rolled rings and coiled springs, also based in Sheffield.

Woodhouse's directors have recommended JFB's 8-for-3 share offer, which values the company at approximately £14.6m and each share at 122p. There is also a cash alternative of 109.33p per share.

The announcement of the agreement caused an immediate reaction in Woodhouse's share price, which gained 27p to close at 118p. JFB's shares added ½p to 46p.

Mr Roy Shepard, JFB's chief executive, said that the two companies made a perfect fit and that "two and two in this case will make at least six, and possibly eight."

He said that the two companies would benefit from increased purchasing power, as well as from synergies at the production level. Further, he identified opportunities to implement sizeable cost savings within Woodhouse and "a concerted rationalisation of its business."

JFB, which is currently in litigation with the auditors of its former subsidiary, Gills Pressure Castings, reported in June interim pre-tax profits of £2.68m on £42.45m turnover.

Woodhouse's 1986 profits were £1.19m, virtually unchanged on the previous year, on turnover of £10.9m. Unaudited accounts for the first six months of this year show that the company made £438,000 on £5.4m turnover.

Shareholders accounting for 24.7 per cent of Woodhouse's shares have indicated that they will accept JFB's offer.

Mr Swraj Paul bought a further 10,000 Woodhouse shares yesterday, taking his holding to just over 5 per cent.

# PSO rights to fund £15.5m deal

By David Waller

Pacific Sales Organisation is to buy two office companies for £15.5m and has launched a three-for-eight rights issue—heralding the beginning of the end of the company's life as an importer of leather goods from China.

The acquisitions are to be financed by a mixture of shares and cash raised from a vendor placing of new shares at 311p. Together with the rights offer of new shares at 200p, PSO's equity will nearly double, creating a company with a market capitalisation of approximately £40m.

PSO's shares have risen nearly sevenfold since March, when a consortium of investors took control with the stated intention of diversifying from its original activities.

On the day that the consortium took control, the shares went from 60p to 150p. On Friday, they were suspended at 400p as Mr Peter James, executive chairman, announced the creation of an office services and equipment division.

PSO is buying Ultimate Office Equipment and Office Supplies Limited for an initial consideration of £9.8m, to be followed by a further maximum payment of £5.7m. The two companies have warranted pre-tax profits of no less than £940,000 in the current year. Turnover for the two companies in the past financial year amounted to £6.2m.

This compared with the £23,700 pre-tax profits generated by PSO from its original activities during 1986-87.

## George Graham in Paris on the French bid for Equity & Law

# Looking for a larger slice of life

MR BERNARD Pagezy is no stranger to the role of white knight in o contested takeover, but he will be hoping that his £403m bid for Equity & Law does not once again leave him on the losing end.

For after 10 years at the head of Compagnie du Midi, the French financial services group, and 20 as chairman of its insurance arm, Assurances Groupe de Paris (AGP), Mr Pagezy finally came to the public's notice at the end of 1985 in the bitterly fought struggle—perhaps France's first truly hostile bid battle—for La Providence, another insurer.

He lost that four-month battle to Mr Claude Bebear's Axa insurance group, and also lost a private personality contest with the charismatic Mr Bebear.

"Pagezy is a great professional of the insurance industry, but he has some progress still to make in the field of communication. He and Bebear are like day and night," commented one financial analyst in Paris.

Yet the two men—both starting from the base of a French insurance operation — have reached similar conclusions on the need to expand their operations into Europe in order to build groups that are large enough to survive in an open world market.

The prospect of 1992, when the European Community is due to open up its internal market in services, has created a stir of anticipation in France that is scarcely paralleled in other EC countries.

Bernard Pagezy: Needs to expand in Europe

For the insurance industry, the challenge is particularly keen. Mr Edouard Balladur, the finance minister, has announced plans for legislation to reform the often archaic regulations of the French insurance sector. But he warned the industry that it needed to make a significant effort to adapt in the face of stronger overseas competitors with better broking and reinsurance structures.

The French insurance market is relatively well developed in the sphere of accident insurance. But Government figures show that France ranks only 14th in the world in terms of life assurance, with only FFr 1,012 of annual premium payments a head — and less than 40 per cent the level in the UK.

The life area is one where Compagnie du Midi is particularly keen to expand. Its AGP subsidiary does about FFr 2bn a year of life business, but this still leaves it in the second division in a sector which Mr Pagezy views as more profitable and more likely to develop than his traditional accident insurance operations.

Financial resources are not, in the short term, a problem for Compagnie du Midi. It has FFr 3bn cash in its balance sheet, without counting the liquidity of its subsidiaries or its credit lines. But Mr Pagezy has sought to grow rapidly, and has found some of the possible avenues for expansion on his home turf blocked.

Deprived of La Providence, Compagnie du Midi made preliminary contact with Assurances Generales de France with a view to taking over the state-controlled insurance group — three times its size in terms of turnover.

But the privatisation of the three major state sector insurance companies has proved far from simple. After sorting our their complicated corporate structures, the government then faced a conundrum over how to divide up the latent capital gains in their investment portfolios between policyholders and shareholders.

The controversy whether the division of the spoils was damaging the interests of policyholders has now largely died down, but the government is not inclined to allow any of the three companies to fall directly into the hands of Mr Pagezy or Mr Bebear.

Besides the insistence in France's privatisation law on preferential treatment for small investors, officials are keen to avoid a repeat of what they view as the somewhat undignified battle for La Providence,

**ASSURANCES DU GROUPE DE PARIS**

***GEOGRAPHICAL DISTRIBUTION OF GROSS PREMIUMS**

| | 1985 | % |
|---|---|---|
| France | 5,694,000 | 77.4 |
| Italy | 551,000 | 7.4 |
| UK | 511,000 | 7.0 |
| Spain | 205,000 | 2.8 |
| Belgium | 129,000 | 1.8 |
| Monaco | 267,000 | 3.6 |
| Total | 7,359,000 | 100.0 |

*Currency: FRF thousands

and are expected to take all possible steps to ensure that the capital of AGF or of its rivals, UAP and GAN, is tightly controlled.

If expansion inside France has proved difficult, Compagnie du Midi has already embarked on a number of acquisitions — much smaller than the bid for Equity & Law — elsewhere in the EC. Starting with two British marine insurance operations in 1982, it has added seven insurance companies in Belgium, Spain and Italy over the past three years.

# A chance for a firmer foothold in Europe

BY NICK BUNKER

FOR YEARS, strong European connections have marked out Equity and Law from other British life assurance companies. Now—with yesterday's unexpected £403m bid by Compagnie du Midi, the French financial services group—they may have become the key to its future.

After a hastily-convened board meeting, Equity and Law turned down the French offer, which would save it from the rival £367m cash bid announced eight days ago by Mr Ron Brierley, the New Zealand financier.

The City's swift reaction was that Equity and Law was simply looking for a better price from the French group.

After all, there are grounds for Compagnie du Midi's claim that it makes 'a perfect fit'" with Equity and Law, which in terms of premium income ranks about half the size of Assurances du Groupe de Paris (AGP), the French group's insurance subsidiary.

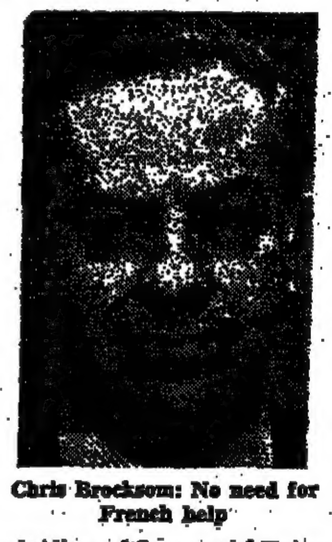
Equity & Law is relatively small, but it has driven hard to expand in northern Europe, where AGP—primarily a non-life insurer—is not a big force. When the UK joined the European Community, Equity & Law saw an opportunity, says Mr Chris Brocksom, its chief executive.

He adds: "We didn't have the same hang-ups from British Empire days as other British insurance companies" — which have concentrated historically on Australasia or North America.

Equity & Law opened its first Dutch branch office in 1970, and a branch in West Germany in 1974. In 1982, it bought L'Union Europeene, a Belgian insurance group.

This year overseas sales, primarily in West Germany and Holland, are making up 41 per cent of its new life business. Equity & Law also has a reputation for using British life assurance expertise to design products that by-pass European regulatory restrictions.

That has left it, says Mr Brocksom, with perhaps a 10 per cent share of the German market for pensions and permanent health insurance—a formidable achievement in an industry dominated by domestic companies. In Holland, its share of the life market is about 3 per cent, though there it has to compete with Nationale Nederlanden, Amev and Aegon, the giants of Dutch insurance, as well as with Delta Lloyd, a subsidiary of Commercial Union, a fellow British insurer.



Chris Brocksom: No need for French help

Compagnie du Midi made the point strongly yesterday that the tight government regulation that surrounds insurance in Europe has retarded the life assucance industry's development there.

In contrast to this, it argues, UK life companies have the greater sophistication that comes from two decades of product innovation driven, for instance, by the growth of unit-linked life assurance, which Equity & Law has introduced in Holland. That greater British sophistication is a key reason why Compagnie du Midi wants to use Equity & Law as a "flagship" for expanding in financial services in Europe.

Mr Brocksom shares the French group's view that the EC's goal of breaking down barriers to a free market in financial services in Europe by 1992 could benefit British life companies. Life assurance in Germany has been "stifled" by regulation, he says, leaving a British group like Equity & Law with in-built advantages when and if the market is liberalised.

One sticking point yesterday, however, was that Mr Brocksom and his board believe Equity & Law can exploit such opportunities by itself, without French help.

Yet Equity & Law has tended to operate with a small balance sheet, with end-1986 shareholders' funds of only £2.83m. It has financed its European activities with its policyholders' money — a factor which has arguably set limits on growth which could be overcome using Compagnie du Midi's financial

# Evered sells former L&N subsidiaries

By Clay Harris

Evered, the industrial holding group, yesterday announced the sale of two former healthcare subsidiaries of London & Northern, the conglomerate it bought for £100m in April.

It also said that negotiations were proceeding with the United Arab Emirates over the repayment of the rest of £23m debt owed over an Allied Medical Group hospital management contract in Sharjah. Evered so far has received about £4m.

The separate Saudi Arabian business will be sold for £6m in cash to the Riyadh-based El Seif Development Establishment. The purchasers have also assumed £5m in liabilities under bonding and guarantees given by L and N.

Evered also sold L and N's majority interest in Allied Medical Diagnostic Services for £70,000 to the minority partners, doctors who run the small UK clinic.

The company expects shortly to sell the remaining healthcare activities, which comprise United Health System, specialising in computer systems for hospitals, and Umedco (Far East), a hospital supply company.

# Aurora over £5m at halfway

PRE-TAX PROFITS at Aurora, Sheffield-based engineer, from £4.04m to £5.08m in the six months to June 30 1987, and the interim dividend is raised from 0.5p to 0.6p net—last year's total was 1.75p from pre-tax profits of £11.04m.

Sir John Hill, the chairman, said that although there were few signs of a substantial improvement in demand from the UK mechanical engineering sector, the company's order books of home subsidiaries were presently some 13 per cent higher than they were at the end of last year.

Additionally, the performance of overseas companies remained consistently strong.

Initial results of the 1986 capital expenditure programme were promising for the longer term, said Sir John, and the company was actively pursuing a number of potential acquisitions to strengthen the quality of its earnings in engineered products. The comany expected to maintain a sound performance in the second half.

# Delta jumps to £30m thanks to electrical growth

Delta Group, industrial holding company which last month failed in its bid to acquire George H. Scholes, has achieved an 11 per cent increase in pre-tax profits for the half year ended July 4.

The interim dividend is stepped up from 2.6p to 2.9p, to be paid from increased earnings of 12.6p (11.2p) per share.

On turnover slightly down at £261.62m (£263.13m) the pre-tax result rose from £27.2m to £30.27m with the electrical equipment division contributing most at £16.15m (£14.72m). Engineering added £6.22m (£5.71m) and industrial services £7.43m (£7.27m). The corporate finance division turned a £500,000 loss into profits of £470,000.

The directors said they intended the company to grow internationally in its three major business areas, both organically and by acquisition. The UK was the main contributor to profits in the half year, with £20.58m (£18.84m). Africa added £5.51m (£6.26m), Australia and SE Asia £2.84m (£1.87m), North and South America £140,000 (£690,000) and Western Europe £730,000 (£40,000).

The fall in profits from Africa was due to the company's reduced stake in Delta Electrical Industries to below 50 per cent, and in America losses resulting from the impact of adverse economic conditions on the Brazilian subsidiary.

Trading conditions in most areas remained firm, and the company's performance in the second half continued ahead of last year, directors said.

The offer for George H Scholes lapsed largely because the expected board recommendation did not materialise, but the directors said they would continue to strengthen the company's already significant position in the domestic switchgear market, which would be helped by the launch early next year of a range of miniature circuit breakers developed entirely by the company.

The most important step towards the development of Delta's business was the acquisition of the Nibco European Plumbing Fittings business, the directors said, which made Delta the largest plumbing fittings operation in Europe.

Tax charged was £11.8m (£10.5m).

**● comment**

Given that Delta was widely perceived as needing an acquisition, the failure to acquire George H. Scholes was doubly unfortunate; it would have offered genuine benefits to the electricals division, and defeat did nothing to boost the group's rating, which makes further bid attempts more difficult. Yesterday's 21p decline in the share price to 288p reflected a tax charge that was slightly higher than expected and some disappointment that no acquisition news was forthcoming. In fact, although profits growth this year looks modest—say £63.5m—earnings are of better quality than in the early days of Mr Wilson's management and pre-tax profits of £72m next year would bring the prospective p/e down to 9.5. That looks a good each-way bet; either Delta finds the right acquisition, probably in the US, or it might start to look tempting as a bid target itself.

# Olives Paper shareholders approve £3.7m Kent plan

BY CLAY HARRIS

SHAREHOLDERS in Olives Paper Mill yesterday approved a proposal under which Mr Michael Kent will take control of the Lancashire paper-maker in return for an investment of £3.74m and 85p per share.

The board-recommended plan was passed by 1,266,828 votes to 827,626 despite opposition by Mr Nathu Puri and his company, Milton Medes, whose rival proposal to inject £5m at 100p per share was not presented to shareholders.

Shareholders at an extraordinary general meeting also approved a £120,000 financial package for Mr Aubrey Heyer, Olives' retiring chairman, who will act as a consultant for three years.

Pressed on his intentions about Olives' business, Mr Kent — a property developer — promised capital investment and said: "At this moment in time, it is not my intention to close down the mill." He and Olives directors insisted that the mill's 70-acre valley site had only limited development potential.

# Laird meets expectations with £14.7m

Laird Group, the diversified transport and engineering concern, matched analysts' expectations by reporting taxable profits up from £13.43m to £14.68m in the first half of 1987. The City had been looking for a figure of about £14.7m.

Turnover surged forward from £165m to £193m and the directors lifted the interim dividend to 3.1p (2.9p). After tax of £5.56m (£5.1m) earnings per share rose from 10.5p to 11.4p.

Sir Ian Morrow, chairman, said that the overall rise in profits masked sharp variations in the performance of the four divisions. The redirection of the group's activities was continuing, both through acquisition and internal growth. The aim was for greater involvement in the sealing systems and services industries divisions where there were better prospects for persistent growth.

He said that significant progress had been made and was confident that this would continue.

The main improvement was seen in the sealing systems—taxable contribution up from £9.4m to £13.19m—with profits and interest rising mainly as a result of higher activity in the Daftex car body seal business in West Germany and France where demand was such that significant levels of new capital expenditure continued to be required.

Acquisitions provided a maiden contribution of £1.3m to the division's profits.

The service industries improved from £1.38m to £3.47m partly due to the inclusion of an initial £1.1m profits contribution from Etta, a specialist packaging company acquired late in 1986, and partly because of higher profits from plastics distribution in the US.

Profits for the specialist engineering division of £1.38m last time were wiped out and it incurred a loss of £236,000. Losses n Cable Belt in 1986, arising from difficult market condtions, persisted in the first half and account almost entirely for the reversal. Following corrective action, Cable Belt was currently breaking even.

Sir Ian said that in the transport systems division, where profits fell from £736,000 to £106,000, train production would not improve until later this year and 1988 when first deliveries start from the substantial order book with British Rail and London Transport.

Demand for the new London taxi launched last year had continued to develop and plans were on hand to double production in the second half.

Interest charges of £1.86m (£527,000 receivable) mainly reflected borrowings established towards the end of last year to finance acquisitions, as well as investemnt in work in progres to meet new train orders.

**● comment**

Laird is starting to look more and more like a sealing systems business with a healthy service industries side. Though yesterday's total profits were pretty much as expected, the specialist engineering division did worse than predicted and sealing systems quite a bit better. While happy to keep and develop computer assembler Fullarton Fabrication, Laird would not be shedding tears if buyers came knocking for Cable Belt—responsible almost wholly for the specialist engineering loss—and New York Twist Drill. The transport side was down as expected but should show recovery next year with the £280m order for trains in addition to good orders for midi buses and new London taxis. Etta, which makes specialist packaging for items such as tights, ice cream, laxatives and golf balls, was the star of the services industries division and points the way to a future growth area as the company continues its moves away from heavy engineering. With expectations of full year pre-tax profits of £32m, the shares, down 3p to 322p, are trading on a marginally undervalued prospective p/e of 13p.

## DIVIDENDS ANNOUNCED

| | | Current payment | Date of payment | Corres-ponding div | Total for year | Total last year |
|---|---|---|---|---|---|---|
| Aurora | int | 0.6 | Nov 30 | 0.5 | — | 1.75 |
| Delta | int | 2.9 | — | 2.6 | — | 7.6 |
| Ted | | ‡2.3 | Dec 1 | 2 | 3.8 | 3.3 |
| Intereurope Tech | | 4.4 | Nov 2 | 4 | 6.4 | 5.8 |
| New Cavendish | | 1.5 | Nov 2 | 1.2 | 1.5 | 1.2 |
| Enterprise Oil | int | †4 | Nov 9 | 3.5 | — | 8.5 |
| Laird Group | int | 3.1 | Dec 7 | 2.9 | — | 7 |

Dividends shown pence per share net except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted stock. ¶ Third market.

## LONDON RECENT ISSUES

### EQUITIES

| Issue Price | Amount Paid up | Latest Renunc. Date | 1987 High | 1987 Low | Stock | Closing Price | + or - | Net. Div. | Times Cov'd | Gross Yield | P.E. Ratio |
|---|---|---|---|---|---|---|---|---|---|---|---|
| §110 | F.P. | 18/9 | 121 | 98 | Adscene | 98 | -10 | L2.5 | 1.9 | 3.5 | 20.7 |
| ‡‡ | F.P. | — | 84 | 65 | BHP Gold Mines A$0.25 | 77 | — | — | — | — | — |
| 80 | F.P. | — | 108 | 85 | *ChemEx. Intl. | 100 | -6 | — | — | — | — |
| §50 | F.P. | 9/9 | 93 | 68 | ‡Corp. Estates Props. 5p | 83 | +2 | L0.75 | 2.4 | 1.2 | 45.3 |
| 10 | F.P. | — | 12¾ | 2 | EFM Dragon Trust 5p | 12 | — | — | — | — | — |
| 100 | F.P. | 23/9 | 114 | 103 | F'st Spanish Inv.Tst.Units | 110 | — | — | — | — | — |
| ‡‡ | F.P. | — | 118 | 92 | ‡Haslehouse Grp. 1p | 100 | +8 | — | — | — | 36.4 |
| ‡‡ | F.P. | — | 100 | 70 | Do. Warrants | 70 | — | — | — | — | — |
| 121 | F.P. | — | 154 | 78 | Ketson | 148 | +5 | — | — | — | — |
| §100 | F.P. | — | 145 | 108 | Kingston Oil & Gas 50p | 120 | +2 | — | — | — | — |
| 100† | F.P. | — | 155 | 115 | *Medirace 10p | 155 | — | — | — | — | — |
| — | F.P. | — | 98 | 55 | Moorgate Inv. Warr. | 90 | — | — | — | — | — |
| §110 | F.P. | 4/6 | 281 | 185 | ‡Parkway 5p | 255 | — | R1.5 | 4.2 | 0.8 | 40.2 |
| §10.58 | F.P. | — | 517½ | 515 | Portugal Fund $0.01 | 517½ | — | — | — | — | — |
| — | F.P. | — | 118 | 101 | Singer & Fr'dlander 10p | 105 | +4 | — | — | — | — |
| ‡‡ | F.P. | — | 166 | 143 | Zetters Leisure 10p | 161 | -2 | L1.5 | 3.7 | 1.3 | 29.2 |

### FIXED INTEREST STOCKS

| Issue Price £ | Amount Paid up | Latest Renunc. Date | 1987 High | 1987 Low | Stock | Closing Price £ | + or - |
|---|---|---|---|---|---|---|---|
| 100 | F.P. | — | 99½ | 97 | Chesterfield Props 5¼pc Cv. Cm. Prf. | 99 | — |
| ‡‡ | F.P. | — | 145p | 130p | Merlin Intl. Cum. Red. Cnv. Prf. | 133p | -5 |
| — | F.P. | — | 100 | 99 | N'wide Anglia 10% Bds 1/8/88 | 99¼ | — |
| — | F.P. | — | 100½ | 99½ | Do. 10⅞% Bds. 22/8/88 | 99⅞ | — |
| — | F.P. | — | 100 | 99⅝ | Do. 10⅝ pc. 12.9.88 | 99⅝ | -⅛ |
| — | £25 | 11/11 | 25½ | 12¼ | North Housing Assoc. 8¾% Gtd.Ln.2037 | 14¼ | -⅛ |
| — | F.P. | — | 270p | 200p | Do. Zero Corp. Ln. 2027 | 228p | +5 |
| ‡ | Nil | 25/9 | 3pm | 1pm | Yelverton Inv. 8% Cnv. Uns. Ln. 1997 | 1pm | — |

### "RIGHTS" OFFERS

| Issue Price | Amount Paid up | Latest Renunc. Date | 1987 High | 1987 Low | Stock | Closing Price p | + or - |
|---|---|---|---|---|---|---|---|
| 280 | Nil | — | 53pm | 20pm | AAF | 53pm | +23 |
| 8 | Nil | — | 14pm | 10pm | BOM Holdings | 12pm | — |
| 166 | Nil | — | 3pm | 1pm | Blue Arrow 5p | 1pm | — |
| 650 | Nil | — | 103pm | 93pm | ‡Brookmount | 93pm | — |
| 610 | Nil | 9/10 | 42pm | 7¼pm | Capital & Counties Unit | 10¼pm | — |
| 37 | Nil | 19/10 | 24pm | 18pm | Common Bros. 1p | 18pm | -2 |
| 50 | Nil | 7/10 | 162pm | 138pm | Conrad Hldgs | 154pm | — |
| 257 | Nil | — | 37pm | 35pm | §Dewey Warren 10p | 39pm | — |
| 32 | Nil | 23/10 | 98pm | 77pm | Downiebrae 10p | 77pm | -6 |
| 90 | Nil | 21/10 | 36pm | 20pm | Excalibur Jewellery | 21pm | +1 |
| 182 | Nil | — | 2pm | ¼pm | FKI Electrical 10p | ¼pm | — |
| 90 | Nil | 15/9 | 14pm | 5pm | Gaii Pet. 5p | 12pm | -½ |
| 190 | Nil | 16/9 | 28pm | 16pm | ‡Goodhead Print 20p | 16pm | -2 |
| 48 | Nil | — | 23pm | 19pm | Heron of London 10p | 23pm | — |
| 57 | Nil | 28/9 | 9pm | 5pm | Kellock Trust 1p | 8pm | — |
| 65 | Nil | 14/10 | 45pm | 26pm | Paul (M) Leisure 5p | 43pm | — |
| 83 | Nil | — | 24½pm | 19½pm | Queens Moat | 20pm | +½ |
| 104 | Nil | 16/10 | 23pm | 16pm | Robertson Research 10pm | 15pm | -1 |
| — | Nil | — | 8pm | 1¼pm | Singer & Friedlander 10p | ¼pm | — |
| 35 | Nil | 6/10 | 7½pm | 2½pm | Tallex 5p | 6½pm | — |
| 65 | Nil | 30/10 | 53pm | 38pm | Upton (E.) | 46pm | — |

Renunciation date usually last day for dealing free of stamp duty. a Annualised dividend. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. F Dividend and yield based on prospectus or other official estimates for 1986/7. H Dividend and Yield based on prospectus or other official estimates for 1987. L Estimated annualised dividend, cover and p/e based on latest annual earnings. q Earnings based on preliminary figures. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. W Pro Forma Figures r Indicated dividends; cover relates to previous dividend; p/e ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. ¶ Issued by tender. ‖ Offered holders of ordinary shares as a "rights." §§ Introduction. ** Issued by way of capitalisation. § Placing price. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or takeover. ‖‖ Allotment price. ‡ Unlisted securities market. †† Official London listing. ‡‡ Including warrants entitlement. ‡ Placing and offer for sale price. * Third Market. †Issued in $2 Units comprising 2 Ord Shares & 1 Warrant. (Exercisable at 50p into 1 Ord.)

# UK COMPANY NEWS

## Hampton agrees to £100m bid from NZ's Aurora

BY TERRY POVEY

NEW ZEALAND'S Aurora Group yesterday launched an agreed 120p-a-share bid for Hampton Trust, valuing the UK property and gold investment company at £100m.

A week ago Aurora, a property developer with a stockmarket worth of NZ$250m (£94m), became a 78 per cent owned subsidiary of Equiticorp, the New Zealand banking and investment company which is currently engaged in a £338m battle for control of the Guinness Peat Group.

However, Mr Bruce Holdsworth, Aurora's managing director, said yesterday that the company was "fiercely independent" and had made the Hampton Trust bid, its first move outside of New Zealand, "entirely off its own bat with absolutely no input or interference from Equiticorp."

Should the offer for Hampton succeed, the directors of the UK company will resign and a new three man board — two drawn from Aurora plus Mr Peter Hunt of Equiticorp — will replace them.

The New Zealanders wish to retain Hampton's stockmarket listing and ANZ Merchant Bank will place any shares in excess of 60 per cent received under the bid. Equiticorp are the main sub-underwriters of this placing.

Aurora, which reported pre-tax profits of NZ$33.3m for the year to June, has already received acceptances representing 41 per cent of Hampton's issued capital—and hopes to sew up another 10 per cent holding before long. Major shareholders the Shohet family and the Lewis family are among the acceptors.

Hampton's main activities are a £110m investment property portfolio producing a rental income of around £7.5m a year according to analysts. In the year to March, Hampton reported pre-tax profits of £1.4m.

*In addition to Hampton's* property portfolio, which Aurora believes can be "highly profitably" redirected towards development, the UK company also holds a 50.4 per cent stake in Mount Martin Gold Mines, a listed Australian gold mining *investment* company whose main interest is 15 per cent of the New Celebration Gold Mine in Western Australia.

Mr Holdsworth does not believe that the Mount Martin stake is a core activity for Hampton and Aurora will review its place within the UK company's investment portfolio when and if the bid succeeds. Aurora's main experience has been in office block developments while Hampton's portfolio is three fifths retail. Prominent properties in London include the Hampton and Tintagel Houses on the Albert Embankment and Archway Tower plus nine shopping centes, mainly in the Home *Counties.*

## Britannia Security makes US acquisition

By Philip Coggan

Britannia Security Group, security and business services company, has made its expected expansion into the US with the acquisition of Leahy Business Archives for around $32.3m (£19.6m).

Britannia has made no secret of its ambitions in the US and a board member Mr Jeremy White, was sent out *to oversee the US operations* earlier this year.

Leay, which is based on the East Coast, is one of the top five records management companies in the US and currently maintains over 6bn paper records for 1,200 clients. In the current year ending October 31, Leahy is forecasting pre-tax profits of $2.3m on turnover of around $13.9m as against $1.97m on $12.5m last year.

In the long term, Britannia hopes to build up in the US a similar range of services to its UK operations, which range from TV monitoring systems to crate rental. but in the short term, a West Coast records storage group is the first priority.

Leahy's existing management will stay on and Mr Kim Cameron, its president, is joining the board of Britannia Security, *the group's US subsidiary.*

Initial consideration for Leahy will be $21.7m which will be financed by the issue of 6.1m ordinary shares, of which 5.6m will be offered to institutions via a vendor placing. Existing shareholders will be entitled to a clawback on the basis of one share for every 8.8 existing shares.

Further cash payments of $1.5m and $9.1m will be paid in three and five years respectively and an extra payment of $2.3m will be made, dependent on future profits.

## StandChart sells Hong Kong bank stake for £12m

By David Lascelles

Standard Chartered has sold its 10 per cent interest in the Hong Kong-based Wing Lung Bank for approximately £12.5m.

The purchaser is the Wu family which already owns 50 per cent of the bank and made Standard Chartered an offer for its stake. The price represents a discount of about four per cent on the bank's quoted share price.

Standard Chartered has embarked on a programme of asset sales to raise about £300m in order to replenish its reserves fter making a heavy provision in its interim accounts for ts exposure to Third World countries.

## John Laing

John Laing, construction engineer, has appointed Mr Keith Oates, finance director of Marks and Spencer, as a non-executive director. We apologise that due to a typographical error in yesterday's Financial Times his name appeared as Gates.

## Tod up 57% and calls for £7.2m to fund acquisition

Tod, USM-quoted manufacturer of plastic and composite products for the defence and construction industries, is raising about £7.2m through a rights issue to fund the £7.6m acquisition from Unigate of *Giltspur Technologies and Wincanton* Engineering.

It also announced a 57 per cent jump in taxable profits—from £1.34m to £2.11m—on turnover up from £11.09m to £20.44m in the year to June 30 1987.

The directors lifted the proposed final dividend from 2p to 2.3p, making a total for the year of 3.8p (3.3p). After tax charges of £723,000 (£370,000) earnings per 5p ordinary share rose 20 per cent to 16.6p.

*Mr Matthew Thorne, chairman*, said that the activities of Giltspur and Wincanton would satisfy Tod's objective of looking for strategic opportunities to generate profitable growth within specialist defence-related activities and businesses associated with plastics and precision-engineering.

Giltspur is a specialised designer, manufacturer and distributor of packaging materials, defence peripherals and electrical cable assemblies. In the year to March 31 1987 it made operating profits before interest of £394,000 on turnover of £15.6m.

Wincanton is a diversified manufacturing business principally involved in the making of specialised stainless-steel equipment and the manufacture of glass-reinforced plastic products and wooden pallets.

Tod is proposing to issue up to 3m new ordinary shares at 248p per share on a five-for-14 basis to raise £7.16m net of *expenses.*

C. H. Beazer (Holdings), which holds about 69 per cent of Tod's present issued share capital, has agreed to subscribe *in full for its entitlement under* the issue. The balance has been underwritten by Shearson Lehman Securities.

Mr Thorne said that prospects for the whole of the Tod group were good and the directors looked forward to the year ahead with confidence.

W. & J. Tod had traded well against the background of sluggish defence expenditure and increased competition.

## Emess Lighting

Emess Lighting said yesterday that 397,055 of the shares it had issued to the vendors of 20 per cent stake in Brillantleuchten, Bremen-based lighting company, had been placed with West German institutions at 492p.

Emess also placed 100,000 shares at the same price to fund part of the cost of its market purchase of an additional 4 per cent of Brilliant.

# FT-ACTUARIES INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

| | EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section) | Friday September 11 1987 Index No. | Day's Change % | Est. Earnings Yield% (Max.) | Gross Div. Yield% (Act at (27%) | Est. P/E Ratio (Net) | xd adj. 1987 to date | Thu Sep 10 Index No. | Wed Sep 9 Index No. | Tue Sep 8 Index No. | Year ago (approx) Index No. | 1987 High | 1987 Low | Since Compilation High | Since Compilation Low |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | CAPITAL GOODS (212) | 954.04 | — | 7.30 | 2.92 | 17.21 | 14.50 | 953.77 | 954.96 | 964.08 | 683.08 | 1038.87 16/7 | 696.73 2/1 | 1038.87 16/7/87 | 50.71 13/12/74 |
| 2 | Building Materials (30) | 1179.98 | −0.6 | 7.73 | 2.98 | 16.10 | 17.82 | 1186.77 | 1209.09 | 1217.90 | 804.14 | 1381.08 16/7 | 860.39 5/1 | 1381.08 16/7/87 | 44.27 11/12/74 |
| 3 | Contracting, Construction (33) | 1746.79 | +0.9 | 6.90 | 2.83 | 19.43 | 20.05 | 1731.78 | 1734.26 | 1737.86 | 1221.97 | 1951.50 16/7 | 1185.88 2/1 | 1951.50 16/7/87 | 71.48 2/12/74 |
| 4 | Electricals (12) | 2454.79 | −0.2 | 5.21 | 2.75 | 24.56 | 41.07 | 2460.82 | 2457.43 | 2460.35 | 1809.76 | 2733.45 20/7 | 1772.22 2/1 | 2733.45 20/7/87 | 84.71 25/6/62 |
| 5 | Electronics (35) | 2014.72 | +0.8 | 7.99 | 2.47 | 16.32 | 33.73 | 1998.95 | 1993.06 | 2020.36 | 1434.32 | 2236.70 17/7 | 1543.77 2/1 | 2236.70 17/7/87 | 1229.01 8/10/85 |
| 6 | Mechanical Engineering (60) | 512.37 | −0.6 | 7.75 | 3.30 | 16.24 | 8.99 | 515.58 | 516.18 | 521.92 | 378.11 | 542.20 29/7 | 393.85 2/1 | 542.20 29/7/87 | 45.43 5/1/75 |
| 8 | Metals and Metal Forming (7) | 568.93 | — | 7.05 | 2.87 | 17.22 | 6.86 | 568.97 | 567.40 | 572.49 | 348.33 | 591.16 30/7 | 355.97 2/1 | 591.16 30/7/87 | 49.65 6/1/75 |
| 9 | Motors (14) | 384.63 | +0.6 | 7.59 | 2.88 | 15.41 | 5.40 | 382.16 | 381.54 | 384.65 | 274.28 | 406.20 16/7 | 272.08 2/1 | 406.20 16/7/87 | 19.91 6/1/75 |
| 10 | Other Industrial Materials (21) | 1666.13 | −0.2 | 6.88 | 3.14 | 19.57 | 24.27 | 1669.46 | 1652.38 | 1671.73 | 1262.82 | 1712.49 16/7 | 1179.19 2/1 | 1712.49 16/7/87 | 277.55 15/1/81 |
| 21 | CONSUMER GROUP (184) | 1307.89 | +0.6 | 6.16 | 2.62 | 20.73 | 16.52 | 1300.16 | 1298.45 | 1313.20 | 927.53 | 1406.32 16/7 | 950.87 2/1 | 1406.32 16/7/87 | 61.41 13/12/74 |
| 22 | Brewers and Distillers (22) | 1176.05 | +0.2 | 7.97 | 3.04 | 15.89 | 15.79 | 1174.05 | 1178.82 | 1189.42 | 920.50 | 1269.35 16/7 | 938.04 2/1 | 1269.35 16/7/87 | 69.47 13/12/74 |
| 25 | Food Manufacturing (24) | 1002.97 | +0.2 | 7.31 | 3.08 | 17.66 | 15.60 | 1000.87 | 997.08 | 1004.65 | 694.85 | 1092.25 16/7 | 738.32 2/1 | 1092.25 16/7/87 | 59.67 11/12/74 |
| 26 | Food Retailing (16) | 2399.79 | −0.2 | 6.01 | 2.43 | 22.16 | 36.46 | 2404.83 | 2402.62 | 2434.77 | 1948.18 | 2649.96 16/7 | 1881.08 2/1 | 2649.96 16/7/87 | 54.25 11/12/74 |
| 27 | Health and Household Products (10) | 2587.66 | +1.6 | 4.07 | 1.60 | 28.70 | 16.41 | 2468.97 | 2435.83 | 2450.56 | 1490.72 | 2699.85 16/7 | 1645.70 2/1 | 2699.85 16/7/87 | 175.38 28/5/80 |
| 29 | Leisure (31) | 1385.33 | +0.3 | 5.92 | 3.19 | 21.07 | 24.25 | 1381.53 | 1379.30 | 1397.28 | 901.77 | 1480.59 16/7 | 986.35 2/1 | 1480.59 16/7/87 | 54.83 9/1/75 |
| 31 | Packaging & Paper (15) | 668.55 | — | 6.42 | 2.69 | 20.52 | 8.51 | 668.81 | 673.12 | 680.34 | 468.61 | 739.48 16/7 | 491.50 2/1 | 739.48 16/7/87 | 43.46 6/1/75 |
| 32 | Publishing & Printing (14) | 4632.85 | +1.2 | 4.49 | 3.07 | 28.56 | 59.63 | 4576.73 | 4627.57 | 4696.80 | 2606.32 | 4744.96 4/9 | 2713.49 2/1 | 4744.96 4/9/87 | 55.08 6/1/75 |
| 34 | Stores (36) | 1068.82 | +0.8 | 6.62 | 2.72 | 20.53 | 13.30 | 1060.17 | 1065.50 | 1084.20 | 887.46 | 1160.58 29/7 | 835.17 2/2 | 1160.58 29/7/87 | 52.63 6/2/75 |
| 35 | Textiles (16) | 838.40 | −0.1 | 7.38 | 2.68 | 15.73 | 11.83 | 839.53 | 831.99 | 841.22 | 531.98 | 876.07 15/7 | 541.39 2/1 | 876.07 15/7/87 | 62.66 11/12/74 |
| 40 | OTHER GROUPS (87) | 1125.56 | — | 7.73 | 3.14 | 16.13 | 18.12 | 1125.99 | 1122.68 | 1134.84 | 760.01 | 1192.30 16/7 | 815.89 5/1 | 1192.30 16/7/87 | 58.63 6/1/75 |
| 41 | Agencies (16) | 1693.32 | −0.3 | 3.56 | 1.33 | 36.96 | 14.64 | 1698.43 | 1689.19 | 1695.46 | 0.0 | 1795.57 17/7 | 1111.16 2/1 | 1795.57 17/7/87 | 1111.16 2/1/87 |
| 42 | Chemicals (22) | 1453.26 | −0.5 | 6.76 | 3.15 | 18.09 | 31.40 | 1460.21 | 1459.94 | 1477.15 | 953.27 | 1479.10 29/7 | 1002.01 2/1 | 1479.10 29/7/87 | 71.20 1/12/74 |
| 43 | Conglomerates (12) | 1426.41 | +0.1 | 7.27 | 3.29 | 15.72 | 20.26 | 1424.49 | 1420.44 | 1437.26 | 0.0 | 1546.12 16/7 | 1112.14 2/1 | 1546.12 16/7/87 | 1112.14 2/1/87 |
| 45 | Shipping and Transport (11) | 2238.65 | −0.3 | 7.56 | 3.67 | 17.39 | 39.02 | 2245.79 | 2257.95 | 2258.93 | 1588.26 | 2497.85 16/7 | 1567.77 2/1 | 2497.85 16/7/87 | 90.80 29/6/62 |
| 47 | Telephone Networks (2) | 1062.37 | −0.5 | 9.55 | 3.80 | 13.97 | 18.98 | 1067.64 | 1063.92 | 1084.85 | 754.20 | 1274.14 9/6 | 837.15 5/1 | 1274.14 9/6/87 | 517.92 30/11/84 |
| 48 | Miscellaneous (24) | 1685.21 | +1.2 | 9.08 | 2.78 | 13.27 | 21.14 | 1664.77 | 1650.94 | 1660.02 | 1058.07 | 1715.19 17/7 | 1161.37 5/1 | 1715.19 17/7/87 | 60.39 6/7/75 |
| 49 | INDUSTRIAL GROUP (483) | 1181.24 | +0.3 | 6.88 | 2.84 | 18.32 | 16.81 | 1178.02 | 1176.72 | 1189.36 | 829.33 | 1268.86 16/7 | 860.46 2/1 | 1268.86 16/7/87 | 59.01 13/12/74 |
| 51 | Oil & Gas (17) | 2209.64 | +0.3 | 7.50 | 4.37 | 16.47 | 56.53 | 2203.11 | 2187.94 | 2217.36 | 1326.10 | 2458.68 16/7 | 1505.69 5/1 | 2458.68 16/7/87 | 87.23 29/5/62 |
| 59 | 500 SHARE INDEX (500) | 1268.57 | +0.3 | 6.97 | 3.07 | 18.02 | 20.24 | 1265.07 | 1262.59 | 1276.66 | 871.80 | 1369.88 16/7 | 915.61 2/1 | 1369.88 16/7/87 | 63.49 13/12/74 |
| 61 | FINANCIAL GROUP (118) | 825.19 | +0.4 | — | 3.72 | — | 16.87 | 821.97 | 823.74 | 828.99 | 600.50 | 882.11 16/7 | 615.75 2/1 | 882.11 16/7/87 | 55.88 13/12/74 |
| 62 | Banks (8) | 828.12 | −0.1 | 16.28 | 4.74 | 8.12 | 25.65 | 821.25 | 823.26 | 826.18 | 661.87 | 898.38 16/7 | 685.87 14/4 | 898.38 16/7/87 | 62.44 12/12/74 |
| 65 | Insurance (Life) (9) | 1116.51 | +1.3 | — | 3.91 | — | 21.09 | 1101.72 | 1104.55 | 1127.73 | 858.50 | 1194.71 7/7 | 869.23 2/1 | 1194.71 7/7/87 | 44.88 2/1/75 |
| 66 | Insurance (Composite) (7) | 626.43 | −0.7 | — | 4.40 | — | 13.39 | 630.97 | 628.42 | 629.93 | 478.51 | 664.97 20/7 | 456.52 2/1 | 664.97 20/7/87 | 43.96 13/12/74 |
| 67 | Insurance (Brokers) (9) | 1215.59 | +0.5 | 9.15 | 4.66 | 13.98 | 26.47 | 1210.11 | 1202.08 | 1222.90 | 1167.47 | 1399.56 17/7 | 1089.71 14/4 | 1399.56 17/7/87 | 65.86 16/12/74 |
| 68 | Merchant Banks (11) | 483.71 | +0.3 | — | 2.83 | — | 6.92 | 482.50 | 484.35 | 489.73 | 334.84 | 513.48 17/8 | 345.85 2/1 | 513.48 17/8/87 | 31.21 7/1/75 |
| 69 | Property (46) | 1292.68 | +1.6 | 3.76 | 2.30 | 34.46 | 13.34 | 1272.27 | 1282.99 | 1285.89 | 751.78 | 1374.86 16/7 | 805.82 5/1 | 1374.86 16/7/87 | 56.01 20/4/65 |
| 70 | Other Financial (28) | 560.24 | −0.1 | 5.96 | 2.73 | 21.27 | 7.91 | 560.82 | 560.32 | 563.88 | 343.42 | 603.48 16/7 | 365.01 2/1 | 603.48 16/7/87 | 33.29 17/12/74 |
| 71 | Investment Trusts (92) | 1137.95 | +0.2 | — | 2.13 | — | 13.02 | 1135.62 | 1132.49 | 1132.88 | 782.78 | 1149.12 16/7 | 867.57 2/1 | 1149.12 16/7/87 | 71.12 13/12/74 |
| 81 | Mining Finance (2) | 683.70 | +1.3 | 4.94 | 2.43 | 23.26 | 6.79 | 675.07 | 676.24 | 671.21 | 289.44 | 727.93 3/8 | 341.86 2/1 | 727.93 3/8/87 | 66.31 30/9/74 |
| 91 | Overseas Traders (10) | 1221.92 | +0.6 | 7.41 | 3.86 | 16.01 | 29.58 | 1214.34 | 1213.46 | 1214.18 | 667.84 | 1224.27 4/9 | 778.26 2/1 | 1224.27 4/9/87 | 97.37 6/1/75 |
| 99 | ALL-SHARE INDEX (722) | 1155.64 | +0.3 | — | 3.13 | — | 19.00 | 1152.05 | 1150.58 | 1161.58 | 794.66 | 1238.57 16/7 | 835.48 2/1 | 1238.57 16/7/87 | 61.92 13/12/74 |
| | | Index No. | Day's Change | Day's High | Day's Low | Sep 10 | Sep 9 | Sep 8 | Sep 7 | Sep 4 | Year ago | | | | |
| | FT-SE 100 SHARE INDEX ♦ | 2261.2 | +8.0 | 2261.2 | 2242.2 | 2253.2 | 2249.1 | 2275.0 | 2283.6 | 2274.9 | 1608.6 | 2443.4 16/7 | 1674.5 2/1 | 2443.4 16/7/87 | 986.9 23/7/86 |

## FIXED INTEREST

| | PRICE INDICES | Fri Sept 11 | Day's change % | Thu Sept 10 | xd adj. today | xd adj. 1987 to date |
|---|---|---|---|---|---|---|
| | British Government | | | | | |
| 1 | 5 years | 120.64 | +0.17 | 120.56 | 0.12 | 7.72 |
| 2 | 5-15 years | 134.02 | +0.25 | 133.68 | – | 9.88 |
| 3 | Over 15 years | 141.19 | +0.35 | 143.16 | 0.47 | 9.95 |
| 4 | Irredeemables | 155.28 | +0.31 | 154.80 | – | 8.81 |
| 5 | All stocks | 131.75 | +0.24 | 131.55 | 0.12 | 9.23 |
| | Index-Linked | | | | | |
| 6 | 5 years | 119.78 | +0.15 | 119.60 | – | 2.18 |
| 7 | Over 5 years | 112.13 | +0.40 | 111.68 | – | 2.60 |
| 8 | All stocks | 112.59 | +0.38 | 112.17 | – | 2.55 |
| 9 | Debentures & Loans | 114.13 | +0.34 | 113.75 | – | 6.95 |
| 10 | Preference | 84.39 | | 84.39 | – | 3.80 |

| | AVERAGE GROSS REDEMPTION YIELDS | | Fri Sep 11 | Thu Sep 10 | Year ago (approx.) | 1987 High | 1987 Low |
|---|---|---|---|---|---|---|---|
| | British Government | | | | | | |
| 1 | Low | 5 years | 9.67 | 9.67 | 8.70 | 9.78 2/1 | 7.52 11/5 |
| 2 | Coupons | 15 years | 9.87 | 9.89 | 9.63 | 10.08 2/1 | 8.53 8/5 |
| 3 | | 25 years | 9.74 | 9.77 | 9.65 | 10.08 2/1 | 8.55 8/5 |
| 4 | Medium | 5 years | 10.39 | 10.44 | 10.07 | 10.80 2/1 | 8.39 8/5 |
| 5 | Coupons | 15 years | 10.15 | 10.18 | 9.99 | 10.39 2/1 | 8.74 8/5 |
| 6 | | 25 years | 9.92 | 9.95 | 9.83 | 10.18 2/1 | 8.75 8/5 |
| 7 | High | 5 years | 10.49 | 10.52 | 10.16 | 10.84 2/1 | 8.58 8/5 |
| 8 | Coupons | 15 years | 10.32 | 10.35 | 10.17 | 10.57 2/1 | 8.86 8/5 |
| 9 | | 25 years | 9.97 | 10.00 | 9.91 | 10.24 2/1 | 8.72 8/5 |
| 10 | Irredeemables† | | 9.99 | 10.03 | 9.49 | 10.06 2/1 | 8.67 8/5 |
| | Index-Linked | | | | | | |
| 11 | Inflation rate 5% | 5yrs. | 3.42 | 3.44 | 3.96 | 3.95 2/1 | 2.08 28/5 |
| 12 | Inflation rate 5% | Over 5 yrs. | 4.04 | 4.06 | 3.51 | 4.10 20/8 | 3.30 6/4 |
| 13 | Inflation rate 10% | 5yrs. | 3.37 | 3.38 | 2.53 | 3.41 9/9 | 0.85 24/3 |
| 14 | Inflation rate 10% | Over 5 yrs. | 4.04 | 4.06 | 3.34 | 4.07 9/9 | 3.17 27/3 |
| 15 | Debs & | 5 years | 11.39 | 11.43 | 10.46 | 11.57 25/8 | 9.46 12/6 |
| 16 | Loans | 15 years | 11.39 | 11.43 | 10.82 | 11.52 28/8 | 9.79 23/3 |
| 17 | | 25 years | 11.39 | 11.43 | 10.86 | 11.48 26/8 | 9.84 23/3 |
| 18 | Preference† | | 10.84 | 10.84 | 10.82 | 11.83 2/1 | 10.05 22/6 |

♦Opening index 2255.3; 10 am 2257.3; 11 am 2259.5; Noon 2258.7; 1 pm 2254.7; 2 pm 2247.5; 3 pm 2246.0; 3.30 pm 2246.8; 4 pm 2255.2

| Equity section or group | Base date | Base value | Equity section or group | Base date | Base value | Equity section or group | Base date | Base value |
|---|---|---|---|---|---|---|---|---|
| Agencies | 31/12/86 | 1114.07 | Overseas Traders | 31/12/74 | 100.00 | Mining Finance | 29/12/67 | 100.00 |
| Conglomerates | 31/12/86 | 1114.07 | Mechanical Engineering | 31/12/71 | 153.84 | All Other | 10/4/62 | 100.00 |
| Telephone Networks | 30/11/84 | 517.92 | Industrial Group | 31/12/70 | 128.20 | British Government | 31/12/75 | 100.00 |
| Electronics | 30/12/83 | 1646.65 | Other Financial | 31/12/70 | 128.06 | Do. Index-linked | 30/4/82 | 100.00 |
| Other Industrial Materials | 31/12/80 | 287.41 | Food Manufacturing | 29/12/67 | 114.13 | Debs & Loans | 31/12/77 | 100.00 |
| Health/Household Products | 30/12/77 | 261.77 | Food Retailing | 29/12/67 | 114.13 | Preference | 31/12/77 | 76.72 |
| Other Groups | 31/12/74 | 63.75 | Insurance Brokers | 29/12/67 | 96.67 | FT-SE 100 Index | 30/12/83 | 1000.00 |

† Flat yield. A list of constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London EC4P 4BY, price 15p, by post 32p.
NAME CHANGES: Turner & Newall (10) has become T & N.

**Alan Friedman** and **Gordon Cramb** examine the $1.6bn Himont deal

# Italians don polypropylene crown

AT THE Milan corporate headquarters of the Montedison group yesterday, the phones were ringing off their hooks as news seeped out of the Italian chemical concern's decision to spend nearly $1.6bn to bump itself up to 80 per cent control of its Himont ploypropolene venture with Hercules of the US.

In the morning institutional investors and analysts from the City of London dialled Milan to find out what was going on. Then, in the early afternoon (Milan time), Wall Street woke up to news of the deal (it was on early morning US business television news) and so Montedison executives went into a second round of explanations.

There are essentially two ways of analysing the Montedison move: it can be viewed in terms of the group's industrial strategy in the chemicals sector and it can be examined with an eye to the group's declared financial strategy of keeping its debt-equity ratio to a level around parity.

In industrial terms the deal sees the Italian group buying out Hercules, a leading US chemicals company and Montedison's original partner in Himont from 1983. At the time Himont was formed the idea was to combine polypropylene businesses in order to reach a commanding share of the wordl market for this specialty plastic material and to incorporate cost-saving new technologies.

From 1983 Montedison and Hercules each had 50 per cent of Himont, and the Wilmington, Delaware, venture has grown to become the world's biggest producer of polypropylene, an inexpensive plastic used to make moulded items such as battery cases, car bumpers, cigarette filters and a variety of films used in packaging as well as fibres.

Himont at present claims 20 per cent of the world market and the largest world capacity for polypropylene, 1.5m tonnes at ten plants in the US, Canada, Italy, Belgium, Taiwan, Brazil and Thailand.

Last February Montedison and Hercules reduced their stakes in Himont from 50 per cent to 38.7 per cent each, with a 22.6 per cent float of the shares sold on the New York Stock Exchange to raise $402.5m at a price of $28 per share.

Now, with Himont's share price at around $50, Montedison is paying $59.50 per share for the 38.7 per cent held by Hercules. The Italians also plan to buy up another 3 per cent on the market to reach 80 per cent control of Himont, the level that allows full consolidation for fiscal purposes in the US and should save $40m on taxes according to Montedison.

For Montedison the consolidation of Himont will take the company deeper into the polymer market and increase the portion of total group turnover derived from the chemicals sector from 53 to 58 per cent. It also will give Montedison a healthy cash fillip out of Himont profits (see table).

Montedison said yesterday that "nothing went wrong in the joint venture with Hercules —we just seized an ideal opportunity to increase our polymer portfolio and strengthen our international presence and we offered an attractive price."

The Milan group said that the $59.50 per share price represented around 18 times historic earnings at Himont or 15 times prospective earnings. Montedison argued that to obtain majority control of companies in the chemicals sector higher multiples had been paid by its competitors.

That is the good news, but meanwhile the deal blows a hole, at least in the short term, through the group's financial strategy. Over the past 18 months Montedison and its subsidiaries have raised around $2bn on Italian and foreign capital markets in a twin attempt to keep its debt burden under control and to fund a series of acquisitions.

Despite the cash calls Montedison on Thursday revealed that its total debt had jumped by $1.4bn in the first six months of 1987, to reach $4.66bn at the end of June, compared with shareholders' funds (equity plus reserves) of $3.7bn. So already by this summer the debt-equity ratio had gone above parity to reach 1.26-to-1.

Although Montedison has plans to finance its Himont deal by way of asset disposals, fund raising on capital markets and by tapping the $500m cash balance inside Himont once it has consolidated the company, this is unlikely to be achieved in full before the start of next year.

That means Montedison must carry, at least before using Himont's cash balance, a peak total debt burden of around $6.3bn. In other words, the debt-equity ratio leaps to 1.7-to-1 before coming down again. Montedison insisted yesterday that it would get its gearing back to parity "soon."

For Hercules, the disposal of its remaining involvement in Himont marks the end of a four-year effort to take itself away from petrochemical-related products and the cyclically dependent polypropylene resins business in particular.

Mr David Hollingsworth, who became chairman of Hercules in March, does not hide his belief that the sector is "close to a cyclical peak" with a spread between output prices and raw materials which he describes as almost unprecedented.

This was far from the case in 1982 when, under Mr Alexander Giacco, the longtime head of Hercules, he was put in charge of a team which was charged with steering the polypropylene resins operation into a joint venture. In May of the following year, Montedison was found as the partner.

Both were incurring losses from this member of the commodity plastics family, in which Himont became industry leader. The turnround was achieved in part through reorganising production capacity and upgrading technology, helped by a favourable swing in commodity values and the discovery of new end uses for polypropylene including cigarette filters and nappies.

Mr Hollingsworth credits Montedison, which brought only a third of the capacity of Himont originally, with providing much of the technological advances deployed in bringing down production costs. Himont has been headed by Mr Giacco following his retirement from Hercules earlier this year, and his position was not made clear yesterday.

Defence and aerospace are among the expansion areas now being targeted by Hercules. According to Mr Hollingsworth, these would "be actively built both organically and through acquisition." No immediate deal was in prospect, however.

He could not yet say what net gain the disposal would bring to the Delaware group's earnings for the current year. Analysts had been forecasting that if its 38.5 per cent stake had been retained, a contribution of around $85m was possible.

## Sugar beet harvest delayed

HARVESTING AND processing of sugar beet is likely to be delayed in some European countries this year due to the crop's slow development, FO Licht, the West German sugar statistics agency, said in its latest crop and weather report, reports Reuter from Ratzeberg.

Denmark has already announced that harvesting will not start until mid-October.

# Newmont rejects Pickens offer

BY OUR FINANCIAL STAFF

NEWMONT MINING, the US gold and energy group which is 26.3 per cent owned by Consolidated Gold Fields of the UK, yesterday rejected the $6.3bn bid from Mr T. Boone Pickens, the Texas corporate raider, and instituted legal proceedings accusing his Ivanhoe Partners of violating federal securities law.

At the same time the 90 per cent-owned Newmont Gold announced an ambitous plan to double total capital spending to $400m up to 1992 and make the company substantially larger than any other North American gold producer.

The moves appear to be part of a concerted attempt by Newmont Mining to regain the initiative following the launch last week of Mr Pickens's $95 a share tender offer. Yesterday Newmont said that its board, with the advice of Goldman Sachs and Kidder Peabody, had determined the offer was inadequate and not in the best interests of shareholders.

Apart from the legal assault on Mr Pickens, a common feature of takeover defence tactics, Newmont has also arranged a $2.25bn revolving credit facility, led by Chemical Bank and Manufacturers Hanover, and adopted a by-law that provides stockholders the necessary time to consider a consent solicitation.

Newmont would not comment on the use to which it might put the revolving credit. Its shares edged up ⅛ to $93¼ in early trading yesterday, while those of Newmont Gold leapt $6 to $44. Analysts have said that the Pickens offer will be attractive to shareholders unless Newmont or ConsGold can come with an alternative.

## Labour fund falls victim to zaitech

By Yoko Shibata in Tokyo

ANOTHER VICTIM of zaitech —financial technology or injudicious securities trading — emerged yesterday following the Y20bn loss by Tateho Chemical Industries which sent a shiver through world markets earlier this month.

The Labour Credit Association of Kanagawa prefecture in central Japan has incurred a book loss of Y10bn ($71m) on its investments, mainly in overseas securities, because of recent sharp currency fluctuations.

The association said yesterday that the book value of its Australian dollar bond holdings declined by Y800m when the Australian currency was devalued by 10 per cent in February 1983.

In an attempt to make up for the decline, the association bought large amounts of US dollar bonds from fiscal 1984 to early fiscal 1985. However, the yen's steep appreciation against the US dollar since September 1985 produced a huge valuation loss on its US dollar bond holdings, it said.

The association sold domestic bond holdings to help cover the loss, but a Y10.8bn loss still remained in March, at the end of fiscal 1986.

Mr Yasunori Tanabe, the association's managing director, said: "There is no evidence that we have done a flippant zaitech operation. The book loss caused by the yen's appreciation should be inherent to all Japanese financial institutions. We are not an exceptional case."

In early May, the association was asked by the Ministry of Finance to improve management, especially fund investment, and reshuffled its leadership. It has prepared a programme to eliminate the unrealised loss in the next six years.

## NZ thrift seeks bank status

By Dai Hayward in Wellington

COUNTRY WIDE, one of New Zealand's biggest building societies, has applied for permission to operate as a full bank, and plans to be active in the retail banking area including the issuing of cheques.

The application to New Zealand's Reserve Bank follows changes in legislation which allow building societies to convert to a company structure — something which is required under new banking regulations.

# Toronto Sun sells Houston Post

BY ROBERT GIBBENS IN MONTREAL

TORONTO SUN PUBLISHING, which operates highly successful daily tabloids in Toronto, Edmonton and Calgary, has sold the Houston Post to Media News of Dallas, in a C$170m (US$129m) deal which represents a significant retreat by the Sun and its parent, MacLean Hunter, from the US market.

Toronto Sun, known as "The Sun," bought the Houston Post and its production plant from a private group late in 1983 for the equivalent of C$113m, after turning down a chance to buy the Chicago Sun-Times. The Post had been put on the block several months earlier and the Sun's move into a highly competitive market, along with the price tag, astonished the industry.

The Sun revamped the Houston Post, turning it into a standard tabloid, and pared costs and staff, but could not increase advertising lineage sufficiently to stem losses. The Post was expected to show a reduced loss for 1987.

However, an attractive offer from Media News, owner of the Dallas Times Herald and 26 other US dailies, has enabled the Sun to beat a retreat.

# Gencor ahead 31.6% at six months

BY OUR FINANCIAL STAFF

GENERAL MINING Union (Gencor), the South African mining house, lifted net income in the first half of 1987 by 31.6 per cent to R 303.8m ($149m) from R 230.8m a year earlier, reflecting, lower financial costs and an increased contribution by Sappi (SA Pulp and Paper Industries).

Gencor, which is the country's second largest mining house, said per-share earnings rose to R3.11 from R2.42 a year earlier. The company increased its interim dividend to 90 cents a share from 80 cents.

Pre-tax profit jumped 37.4 per cent to R386.9m from R281.6m, helped by a sharp fall in net financing costs.

Earnings from mining activities, however, fell to R175.8m from R201.9m, mainly as a result of a smaller contribution from coal — R13.6m against R22.3m — and metals and minerals — R74.2m against R95.7m a year earlier.

The main boost to earnings resulted from a 160 per cent increase in contributions from Sappi, to R43.4m from R16.7m.

"It is anticipated that earnings for the second half of the year will show a moderate improvement over those for the first half of the year," Gencor said.

# Court action to block Icahn's TWA plan

BY OUR FINANCIAL STAFF

THE International Association of Machinists and Aerospace Workers has filed a suit against Trans World Airlines, the international carrier, in an attempt to block a $960m recapitalisation plan proposed by Mr Carl Icahn, the US financier who controls the airline.

The recapitalisation plan is part of Mr Icahn's previously announced proposed to take the company private.

The union said the suit, filed in Manhattan Federal Court, alleged that the plan violated its rights under a collective bargaining agreement and should be declared fraudulent and null and void.

Mr Icahn, who holds 73 per cent of TWA's common stock, has proposed to purchase the outstanding 27 per cent through the recapitalisation plan.

The union said the plan was an effort by Mr Icahn to recover a $450m cash investment he made in the company. It said the plan would provide cash for him to acquire other companies.

# Kongsberg to dispose of jet engine division

BY KAREN FOSSLI IN OSLO

KONGSBERG Vaapenfabrikk, the debt-laden Norwegian defence contractor facing financial collapse, has agreed to sell its jet engine division for around NKr 30m ($4.6m).

The purchaser is Norsk Jetmotor, which is backed by three Norwegian companies, the Government, and Pratt and Whitney of the US. Snecma, the French jet engine company, may also take part in the purchase.

The three Norwegian companies in the deal — Statoil, Aker Norcem, and Braathens Rederi, the domestic airline— will most likely own a one-third share in Norsk Jetmotor and the Norwegian Government more than a third.

The disposal will contribute little to the total assets to be distributed among Kongsberg's creditors, which include a consortium of 33 foreign and Norwegian banks owed around NKr 1.6bn. The sale of the jet engine division is a prerequisite for the composition proceedings currently being worked out for the creditors.

The jet engine division brings to Norsk Jetmotor outstanding orders for gas turbines and engine products from Pratt and Whitney. It also has outstanding sub-contracted orders to supply several European Nato countries with engines for the F16 jet.

It is believed that the deal will imply a potential additional NKr 300m loss for the Kongsberg group over and above what was originally calculated by Norwegian authorities in their accord solution for the creditors.

## WEEKLY PRICE CHANGES

| | Latest prices per tonne unless stated | Ch'nge on week | Year ago | 1987 High | 1987 Low |
|---|---|---|---|---|---|
| **METALS** | | | | | |
| Aluminium | | | | | |
| Free Market c.i.f. | $1670/690 | +30 | $1335/365 | $1865/1885 | $1205/1225 |
| Antimony | | | | | |
| Free Market 99.6% | $2220/2520 | −55 | $2420/2523 | $2400/2500 | $2150/2200 |
| Copper-Cash Grade A | £1085 | −40 | £916 | £1157.75 | £870.25 |
| 3 months Grade A | £1059.5 | +39 | £933.75 | £1118.25 | £849.5 |
| Gold per oz | $459 | −5.25 | $415.25 | $476.75 | $390.25 |
| Lead Cash | £412.5 | −0.5 | £277.5 | £445 | £285.75‡ |
| 3 months | £394.5 | +2 | £281.25 | £417.5 | £290.75 |
| Nickel | | | | | |
| Free market | 237/257c | −5 | 168-188c | 247/267c | 158/177c |
| Palladium | $137.50 | — | $138.50 | $161.00 | $117.15 |
| Platinium per oz | $591.00 | −13.25 | $583.50 | $646.50 | $476.75 |
| Quicksilver (76lbs) | $300/310 | — | $115/125 | $300/310 | $150/160 |
| Silver per oz | 474.55p | +10.55 | 393.50p | 653.60p | 344.40p |
| 3 months per oz | 486.25p | +10.55 | 401.75p | 668.20p | 352.70p |
| Tin | | | | | |
| Free market | £4140/4170 | +15 | £3750/780 | £4,610/640 | £3,960/590 |
| Tungsten Ind | $55.47 | — | $52.73 | $58.19 | $41.44 |
| Wolfram (22.04 lbs) | $40/57 | +2.5 | $35/45 | $50/53 | $38/42 |
| Zinc cash | £457.5 | — | £598 | £567 | £447 |
| 3 months | £461.75 | +0.25 | £600.25 | £550.5 | £448 |
| Producers | $860 | — | $830/920 | $870 | $770/790 |
| **GRAINS** | | | | | |
| Barley Futures Nov | £100.60 | +0.65 | £107.70 | £118.55 | £95.30 |
| Maize French | £158.00 | +5 | £153.00 | £165.50 | £142.00 |
| WHEAT Futures Nov | £106.00 | +1.90 | £107.50 | £125.50 | £98.75 |
| **SPICES** | | | | | |
| Cloves | $3475 | — | $5000 | $3,600 | $3,200 |
| Pepper white | $5850 | −50 | $5600 | $5,400 | $4,900 |
| black | $4825 | +25 | $4350 | $4,900 | 4,200 |
| **OILS** | | −150 | | | |
| Coconut (Philippines) | $485w | −10 | $247.5 | $530 | $320 |
| Palm Malayan | 325 | — | $205 | $390 | $285 |
| **SEEDS** | | | | | |
| Copra (Philippines) | $320 | +5 | $155 | $325 | $2230 |
| Soyabeans (U.S.) | $151 | +4 | $150 | $162.5 | $13.5 |
| **OTHER COMMODITIES** | | | | | |
| Cocoa Futures Dec | £1198.5 | −33 | £1508.5 | £1,439.5 | £1,198.5 |
| Coffee Futures Nov | £1321.5 | −20 | £2394 | £1655.5 | £1,210.5 |
| Cotton Outlook A Index | 82.35c | −2.5 | 42.75c | 87.70c | 62.65c |
| Gas Oil Fut. Nov | $156.5 | −2.25 | $131 | $173.25 | $126.5 |
| Jute LJA BWC grade | $425 | — | $250 | $435 | $250 |
| Rubber kilo | 70p | +0.5 | 62.5p | 71p | 60p |
| Sisal No. 3L | $615 | — | $625 | $615 | $610 |
| Sugar (Raw) | $157.6w | +9.2 | $183.5 | $204 | $139.5 |
| Tea (quality) kilo | 160p | — | ‡ | 180p | 140p |
| (low med) kilo | 70p | — | ‡ | 111p | 80p |
| Wooltops 64s Super | 490p kilo | −7 | 388p kilo | 548p kilo | 416p kilo |

‡ Unquoted. (x) Nov. (w) Sept/Oct. (t) Oct/Nov. (z) Oct.

## ALUMINIUM

| 99.7% purity | Unofficial close (p.m.) $ per tonne | + or − | High/Low |
|---|---|---|---|
| Cash | 1690-700 | +20 | — |
| 3 months | 1641-51 | +3.5 | 1655/1645 |

Official closing (am): Cash 1,660-90 (1,650-60), three months 1,645-55 (1,624-5), settlement 1,690 (1,650). Final Kerb close: 1,650-60. Ring turnover: ALUMINIUM—99.5 per cent

| 99.5% purity | £ per tonne | | |
|---|---|---|---|
| Cash | 1000-1 | +8 | 993/992 |
| 3 months | 972-3 | — | 980/966 |

Official closing (am): Cash 992-3 (989.5-90), three months 975.5-76 (967-7.5), settlement 993 (990). Final Kerb close: 981-2. Ring turnover: 32,850 tonnes.

## COPPER

| Grade A | Unofficial close £ per tonne | + or − | High/Low |
|---|---|---|---|
| Cash | 1084-5 | −14 | 1100.5/100 |
| 3 months | 1069-70 | −14 | 1087/1066 |

Official closing (am): Cash 1,100-0.5 (1,091-2), three months 1,084-4.5 (1,076-5.5), settlement 1,100.5 (1,092). Final Kerb close: 1,079-80.

| Standard | | | |
|---|---|---|---|
| Cash | 1082-4 | −8 | — |
| 3 months | 1066-8 | −15.5 | — |

Official closing (am): Cash 1,096-9 (1,080-5), three months 1,077-80 (1,070-3), settlement 1,098 (1,085). US Producer prices: 80-89 cents per pound. Total ring turnover: 51,450 tonnes.

## LEAD

| | Unofficial close (p.m.) £ per tonne | + or − | High/Low |
|---|---|---|---|
| Cash | 412-3 | −2 | 413/412 |
| 3 Months | 394-5 | −2.25 | 396/395 |

Official closing (am): Cash 412-3 (417.5-8), three months 395-5.5 (397-7.5), settlement 413 (418). Final Kerb close: 395-6. Ring turnover: 9,500 tonnes. US Spot: 42 cents a pound.

## NICKEL

| | Unofficial close (p.m.) £ per tonne | + or − | High/Low |
|---|---|---|---|
| Cash | 3175-85 | −22.5 | 3200 |
| 3 months | 3180-90 | −22.5 | 3205/3180 |

Official closing (am): Cash 3,195-200 (3,198-202), three months 3,204-5 3,208-10), settlement 3,200 (3,202). Final Kerb close: 3,190-200. Ring turnover: 1,692 tonnes.

## ZINC

| High grade | Unofficial close (p.m.) £ per tonne | + or − | High/Low |
|---|---|---|---|
| Cash | 457-8 | −3.25 | — |
| 3 months | 461.5-62 | −4 | 464/460 |

Official closing (am): Cash 459-60 (460.5-1.5), three months 464.5 (465-6), settlement 460 (461.5). Final Kerb close: 462-2.25. Ring turnover: 4,475 tonnes. US Prime Western: 43-47.75 cents a pound.

## TIN

KUALA LUMPUR TIN MARKET—Close: 16.89 (16.88) ringgit per kg. Up 0.01.

### LONDON METAL EXCHANGE TRADED OPTIONS

| | Strike Price $/tonne | Calls Nov. | Calls Jan. | Puts Nov. | Puts Jan. |
|---|---|---|---|---|---|
| Aluminium 99.7% | — | — | — | — | — |
| Aluminium 99.5% | 1,550 | — | — | — | 75 |
| | 1,625 | 68½ | — | — | — |
| Copper (Grade A) | 1,725 | — | — | 50 | 77 |
| | 1,750 | — | — | — | — |
| | £/tonne | | | | |
| Copper (Grade A) | 1050 | — | — | — | 39½ |
| | 1075 | — | — | 29½ | — |

Estimates

## GOLD

| GOLD BULLION (fine ounce) | Sept. 11 | |
|---|---|---|
| Close | $458¾-459¼ | (£277-277½) |
| Opening | $452-452½ | (£280½-281) |
| M'n'g fix | $460.90 | (£279.655) |
| Aft'n'n fix | $459.85 | (£277.352) |
| Day's high | $462½-463 | — |
| Day's low | $457½-458 | — |

| GOLD AND PLATINUM COINS | | |
|---|---|---|
| Am Eagle | $472-477 | (£285¾-289) |
| Mapleleaf | $473-476 | (£286½-288½) |
| Kr'g'r'nd | $457-460 | (£278¼-278¾) |
| ½ Krug | $235½-248 | (£142½-148½) |
| ¼ Krug | $117½-125½ | (£71¼-76) |
| Angel | $472-476 | (£285¾-287¾) |
| 1/10 Angel | $45¾-50¾ | (£27¾-30¾) |
| New Sov. | $107¾-108¾ | (£65¼-65¾) |
| Old Sov. | $107¾-109¼ | (£65¼-66¼) |
| Noble Plat. | $615-621 | (£371½-376¼) |

## INDICES

### REUTERS

| Sept. 11 | Sept. 10 | M'th ago | Year ago |
|---|---|---|---|
| 1659.7 | 1655.3 | 1661.6 | 1550.7 |

(Base: September 18 1931 = 100)

### DOW JONES

| Dow Jones | Sept. 10 | Sep. 9 | M'th ago | Year ago |
|---|---|---|---|---|
| Spot | 129.95 | 129.18 | — | 121.27 |
| Fut | 132.40 | 131.21 | — | 123.27 |

(Base: December 31 1931 = 100)

## SILVER

Silver was fixed 12.9p an ounce higher for spot delivery in the London bullion market yesterday at 474.55p. US cent equivalents of the fixing levels were: Spot 782.1c, up 22.6c; three-month 796.55c, up 23.35c; six-month 811.35c, up 22.63c; and 12-month 848-7c, up 24.45c. The metal opened at 481-481½p (791-793c) and closed at 485½-458p (772-774c).

| SILVER per troy oz | Bullion Fixing price | + or − | L.M.E. p.m. Unoff'l c'l | + or − |
|---|---|---|---|---|
| Spot | 474.55p | +12.9 | 768c | +11 |
| 3 months | 486.25p | +13.0 | 783.5c | +11.5 |
| 6 months | 497.90p | +12.5 | — | — |
| 12 months | 522.50p | +15.7 | — | — |

LME—Turnover: Nil (nil) lots of 10,000 ounces.

Three months final kerb 782-5c.

## COFFEE

Trade hedging kept Robustas under pressure throughout the day in moderate volume, reports Drexel Burnham Lambert. Commission house buying was slowly absorbed and the constant pressure from the dealers took level to close just above this week's lows.

| COFFEE | Yesterday close | + or − | Business done |
|---|---|---|---|
| Sept | 1292-1293 | +0.5 | 1300-1291 |
| Nov | 1321-1322 | −8.0 | 1335-1321 |
| Jan | 1347-1350 | −7.0 | 1360-1348 |
| Mar | 1362-1367 | −7.5 | 1373-1362 |
| May | 1377-1380 | −14.5 | 1389-1383 |
| July | 1390-1400 | −18.5 | 1409-1405 |
| Sept | 1420-1425 | −11.0 | 1424 |

Sales: 2,411 (3,129) lots of 5 tonnes. ICO indicator prices (US cents per pound) for September 10: Comp. daily 1979 (107.03 (107.75); 15-day average 103.84 (103.19).

## COCOA

Futures again reached new lows, trading down £20 on the day, before rallying on the close. Commission house selling caused the decline before short-covering and manufacturer price-fixing entered the market, stemming the slide. Origins remain withdrawn, reports Gill and Duffus.

| | Yesterday's close £ per tonne | + or − | Business done |
|---|---|---|---|
| Sept | 1166-1167 | −10.0 | 1187-1164 |
| Dec | 1198-1199 | −7.0 | 1205-1185 |
| March | 1229-1230 | −7.5 | 1236-1218 |
| May | 1253-1253 | −7.0 | 1258-1258 |
| July | 1271-1273 | −7.5 | 1275-1258 |
| Sept | 1291-1292 | −6.0 | 1295-1280 |
| Dec | 1312-1314 | −7.5 | 1318-1554 |

Sales: 4,740 (4,113) lots of 10 tonnes. ICCO indicator prices (SDRs per tonne). Daily price for September 10: 1,505.18 (1,496.48); 10-day average for September 11: 1,553.75 (1,564.41).

## FREIGHT FUTURES

The week finished on a quiet note as physical news was lacking again with the only relevant fixture reported being Gulf/Japan at a steady $16.20 for the end of September, reports Clarkson Wolff.

| Dry Cargo | Close | High/Low | Prev. |
|---|---|---|---|
| Oct. | 1072 | 1075/1065 | 1065 |
| Jan. | 1100 | 1100/1092 | 1105/1110 |
| Apr. | 1160/1165 | 1170/1162.5 | 1175/1180 |
| July | 1057.5 | — | 1065 |
| Oct. | 1140 | — | 1140 |
| Jan. | 1160 | — | 1160 |
| April | 1205 | — | 1210 |
| BFI. | 1060.5 | — | 1061.5 |

Turnover: 105 (71).

## GRAINS

LONDON GRAINS—Wheat: US Dark Northern Spring No 2, 14 per cent: Oct 95.50, Nov 96.75. US No 2 Soft Red Winter: Oct 92.00, Nov 94.50. French 11½-12 per cent: Sept 136.00 sellers. English feed, fob: Sept 107.00 paid East Coast: Sept 106.50-107.00, Oct 107.50-108.00 buyer/sellers, Oct/Dec 109.00, Jan/March 112.00, April/June 116.00 sellers. Maize: US No 3 Yellow/French, transhipment East Coast Sept 158.00 seller. Barley: English feed, fob: Sept 101.50 seller, Oct/Dec 103.50-104.00 buyer/sellers, Oct/Dec 105.00, Jan/March 109.00 buyers.

| Mnth | WHEAT Yest'rdy's close | + or − | BARLEY Yest'rdy's close | + or − |
|---|---|---|---|---|
| Sep. | 105.20 | +0.05 | 96.50 | −0.15 |
| Nov. | 106.00 | +0.20 | 100.60 | −0.50 |
| Jan. | 108.10 | +0.10 | 103.50 | −0.30 |
| Mar. | 110.60 | — | 105.70 | −0.30 |
| May | 113.10 | −0.05 | 107.65 | −0.35 |
| July | 115.65 | +0.15 | — | — |

Business done—Wheat: Sept 105.60-5.00, Nov 108.15-5.60, Jan 133.15-7.75. March 110.80-10.50, May 113.40-3.10, July untraded. Sales: 391 lots of 100 tonnes. Barley: Sept 96.40, Nov 100.70-0.50, Jan 103.65-3.50, March 106.15-5.75, May 107.65. Sales: 36 lots of 100 tonnes.

HGCA — Locational ex-farm spot prices. Feed barley: E. Midlands 96.40, N. East 98.50, Scotland 95.50. The UK monetary coefficient for the week beginning Monday September 21 (based on HGCA calculations using three days' exchange rates) is expected to remain

## POTATOES

The market opened 40p down but found keen buying interest, which has been evident over thep ast few days, at these levels. In lacklustre trade values gradually picked up. Volume improved in the afternoon as the market continued to speculate over the poor weather forecast, reports Coley and Harper.

| Month | Yesterday's close £ per tonne | Previous close | Business done |
|---|---|---|---|
| Nov. | 86.00 | 85.60 | 85.60 |
| Feb. | 94.80 | 95.00 | — |
| March | 86.00 | 85.50 | 86.00 |
| Apr. | 155.40 | 153.90 | 155.90-153.00 |
| May | 150.00 | 148.50 | 150.00-149.00 |

Sales: 786 (328) lots of 40 tonnes.

## OIL

| CRUDE OIL—FOB ($ per barrel) Oct. | Latest | Change + or − |
|---|---|---|
| Arab Light | — | — |
| Arab Heavy | — | — |
| Dubai | 16.90-17.00 | +0.165 |
| Brent Blend | 18.15-18.20 | −0.25 |
| W.T.I. (1pm est) | 19.30-19.35 | −0.35 |
| Forcados (Nigeria) | — | — |
| Urals (cif NWE) | — | — |

| PRODUCTS—North West Europe Prompt delivery cif ($ per tonne) | | |
|---|---|---|
| Premium gasoline | 172-175 | — |
| Gas Oil | 151-153 | −2 |
| Heavy fuel Oil | 94-96 | −2 |
| Naphtha | 165-167 | −1 |

Petroleum Argus estimates

## GAS OIL FUTURES

| Month | Yesterd'ys close US$ per tonne | + or − | Business done |
|---|---|---|---|
| Oct | 154.50 | −3.25 | 158.50-54.50 |
| Nov | 155.50 | −2.25 | 159.00-56.25 |
| Dec | 157.50 | −3.25 | 160.25-57.50 |
| Jan | 160.00 | −0.50 | 161.00 |
| Feb | 159.75 | −1.75 | — |

PUBLICATION of worse-than-expected US trade figures prompted local and commission house buying in the precious metals, reports Drexel Burnham Lambert. However, as the stock market recovered and as the trade was noted as a major seller into the rally, commission houses and locals liquidated long positions and in some cases went short. Trade selling continued to push the markets to the day's lows before local short-covering on the close rallied prices slightly. Copper continued strong on trade and technical buying, reflecting constructive fundamentals. Crude oil was quiet, early trade selling touching off light commission house stops before light trade support emerged at the lows forcing short-covering to pare losses. Cotton moved to limit-up on good trade and commission house buying following publication of crop reports which showed smaller-than-expected production both domestically and worldwide

## NEW YORK

ALUMINIUM 40,000 lb, cents/lb

| | Close | Prev | High | Low |
|---|---|---|---|---|
| Sept | 79.50 | 79.25 | 79.50 | 79.50 |
| Oct | 78.60 | 78.30 | — | — |
| Nov | 77.80 | 77.20 | — | — |
| Dec | 77.00 | 76.25 | 77.00 | 77.00 |
| Jan | 75.35 | 74.85 | — | — |
| March | 72.50 | 72.35 | — | — |
| May | 69.50 | 69.45 | — | — |
| July | 67.50 | 67.75 | — | — |

COCOA 10 tonnes, $/tonnes

| | Close | Prev | High | Low |
|---|---|---|---|---|
| Sept | 1870 | 1851 | 1874 | 1859 |
| Dec | 1879 | 1867 | 1884 | 1852 |
| March | 1900 | 1890 | 1903 | 1878 |
| May | 1926 | 1916 | 1929 | 1906 |
| July | 1951 | 1941 | 1954 | 1932 |
| Sept | 1973 | 1963 | 1973 | 1953 |
| Dec | 2005 | 1993 | 2005 | 1985 |

COFFEE "C" 37,500 lbs; cents/lbs

| | Close | Prev | High | Low |
|---|---|---|---|---|
| Sept | 114.85 | 115.25 | 115.50 | 114.30 |
| Dec | 117.33 | 117.70 | 118.35 | 116.80 |
| March | 120.75 | 121.02 | 121.50 | 120.00 |
| May | 121.50 | 122.25 | 123.40 | 121.90 |
| July | 123.64 | 124.75 | 124.25 | 123.00 |
| Sept | 127.90 | 124.05 | 125.00 | 123.50 |
| Dec | 127.60 | 126.38 | 126.25 | 123.00 |

COPPER 25,000 lbs, cents/lb

| | Close | Prev | High | Low |
|---|---|---|---|---|
| Sept | 82.15 | 81.65 | 82.20 | 80.85 |
| Oct | 81.25 | 80.75 | — | — |
| Nov | 80.70 | 80.20 | — | — |
| Dec | 80.20 | 79.70 | 80.30 | 78.80 |
| Jan | 79.55 | 79.05 | 79.00 | 79.00 |
| March | [illegible] | [illegible] | [illegible] | [illegible] |
| May | [illegible] | [illegible] | [illegible] | [illegible] |
| July | [illegible] | [illegible] | [illegible] | [illegible] |
| Sept | [illegible] | [illegible] | [illegible] | [illegible] |
| Dec | [illegible] | [illegible] | [illegible] | [illegible] |

COTTON 50,000 lbs, cents/lb

| | Close | Prev | High | Low |
|---|---|---|---|---|
| Oct | [illegible] | [illegible] | [illegible] | [illegible] |
| Dec | [illegible] | [illegible] | [illegible] | [illegible] |
| March | [illegible] | [illegible] | [illegible] | [illegible] |
| May | [illegible] | [illegible] | [illegible] | [illegible] |
| July | [illegible] | [illegible] | [illegible] | [illegible] |
| Oct | [illegible] | [illegible] | [illegible] | [illegible] |
| Dec | [illegible] | [illegible] | [illegible] | [illegible] |

CRUDE OIL (LIGHT) 42,000 US gallons, $/barrels

| | Latest | Prev | High | Low |
|---|---|---|---|---|
| Oct | [illegible] | [illegible] | [illegible] | [illegible] |
| Nov | [illegible] | [illegible] | [illegible] | [illegible] |
| Dec | [illegible] | [illegible] | [illegible] | [illegible] |
| Jan | [illegible] | [illegible] | [illegible] | [illegible] |
| Feb | [illegible] | [illegible] | [illegible] | [illegible] |
| March | [illegible] | [illegible] | [illegible] | [illegible] |
| April | [illegible] | [illegible] | [illegible] | [illegible] |
| May | [illegible] | [illegible] | [illegible] | [illegible] |
| June | [illegible] | [illegible] | [illegible] | [illegible] |
| July | [illegible] | [illegible] | [illegible] | [illegible] |

GOLD 100 troy oz, $/troy oz

| | Close | Prev | High | Low |
|---|---|---|---|---|
| Sept | [illegible] | [illegible] | [illegible] | [illegible] |
| Oct | [illegible] | [illegible] | [illegible] | [illegible] |
| Nov | [illegible] | [illegible] | [illegible] | [illegible] |
| Feb | [illegible] | [illegible] | [illegible] | [illegible] |
| Feb | [illegible] | [illegible] | [illegible] | [illegible] |
| April | [illegible] | [illegible] | [illegible] | [illegible] |
| June | 483.4 | 489.7 | 487.5 | 484.5 |
| Oct | 497.0 | 503.6 | 501.8 | 501.8 |
| Dec | 504.0 | 510.8 | 509.0 | 504.6 |
| Feb | 511.2 | 517.9 | 516.7 | 513.5 |
| June | 526.6 | 532.7 | — | — |

HEATING OIL 42,000 US gallons, cents/US gallons

| | Latest | Prev | High | Low |
|---|---|---|---|---|
| Oct | 52.10 | 52.92 | 52.70 | 51.85 |
| Nov | 52.55 | 53.42 | 53.25 | 52.35 |
| Dec | 53.05 | 53.97 | 53.70 | 52.95 |
| Jan | 53.55 | 54.52 | 54.35 | 53.50 |
| Feb | 53.90 | 54.77 | 54.40 | 53.70 |
| March | 52.65 | 53.47 | 52.95 | 52.50 |
| April | 51.30 | 52.27 | 51.30 | 51.20 |

ORANGE JUICE 15,000 lb, cents/lb

| | Close | Prev | High | Low |
|---|---|---|---|---|
| Sept | 456.9 | [illegible] | [illegible] | [illegible] |
| Sept | 137.55 | [illegible] | [illegible] | [illegible] |
| Nov | 130.00 | [illegible] | [illegible] | [illegible] |
| Jan | 129.20 | [illegible] | [illegible] | [illegible] |
| March | 129.45 | [illegible] | [illegible] | [illegible] |
| May | 130.05 | [illegible] | [illegible] | [illegible] |
| July | 130.40 | [illegible] | [illegible] | [illegible] |
| Sept | 130.50 | [illegible] | [illegible] | [illegible] |

PLATINUM 50 troy oz, $/troy oz

| | Close | Prev | High | Low |
|---|---|---|---|---|
| Oct | 587.0 | [illegible] | [illegible] | [illegible] |
| Jan | 594.3 | [illegible] | [illegible] | [illegible] |
| April | 602.3 | [illegible] | [illegible] | [illegible] |
| July | 610.5 | [illegible] | [illegible] | [illegible] |
| Oct | 619.0 | [illegible] | [illegible] | [illegible] |

SILVER 5,000 troy oz, cents/troy oz

| | Close | Prev | High | Low |
|---|---|---|---|---|
| Sept | 770.0 | [illegible] | [illegible] | [illegible] |
| Oct | 772.7 | [illegible] | [illegible] | [illegible] |
| Dec | 783.0 | [illegible] | [illegible] | [illegible] |
| Jan | 787.9 | [illegible] | [illegible] | [illegible] |
| March | 800.0 | [illegible] | [illegible] | [illegible] |
| May | 811.6 | [illegible] | [illegible] | [illegible] |
| July | 822.8 | [illegible] | [illegible] | [illegible] |
| Sept | 836.2 | [illegible] | [illegible] | [illegible] |

SUGAR WORLD "11" 112,000 lbs; cents/lbs

| | Close | Prev | High | Low |
|---|---|---|---|---|
| Jan | 6.33 | [illegible] | [illegible] | [illegible] |
| March | 6.80 | [illegible] | [illegible] | [illegible] |
| May | 6.98 | [illegible] | [illegible] | [illegible] |
| July | 7.15 | [illegible] | [illegible] | [illegible] |
| Oct | 7.35 | [illegible] | [illegible] | [illegible] |
| Jan | 7.61 | [illegible] | [illegible] | [illegible] |

## CHICAGO

LIVE CATTLE 40,000 lb, cents/lb

| | Close | Prev | High | Low |
|---|---|---|---|---|
| Oct | 68.27 | [illegible] | [illegible] | [illegible] |
| Dec | 68.55 | [illegible] | [illegible] | [illegible] |
| Feb | 68.37 | [illegible] | [illegible] | [illegible] |
| April | 69.12 | [illegible] | [illegible] | [illegible] |
| June | 68.80 | [illegible] | [illegible] | [illegible] |
| Aug | 67.25 | [illegible] | [illegible] | [illegible] |
| Oct | 66.30 | [illegible] | [illegible] | [illegible] |

LIVE HOGS 30,000 lbs; cents/lbs

| | Close | Prev | High | Low |
|---|---|---|---|---|
| Oct | 49.70 | [illegible] | [illegible] | [illegible] |
| Dec | 46.90 | [illegible] | [illegible] | [illegible] |
| Feb | 44.90 | [illegible] | [illegible] | [illegible] |
| April | 42.30 | [illegible] | [illegible] | [illegible] |
| June | 44.32 | [illegible] | [illegible] | [illegible] |
| July | 44.95 | [illegible] | [illegible] | [illegible] |
| Aug | 43.05 | [illegible] | [illegible] | [illegible] |
| Oct | 40.77 | [illegible] | [illegible] | [illegible] |

MAIZE 5,000 bu min, cents/56 lb bushel

| | Close | Prev | High | Low |
|---|---|---|---|---|
| Sept | 166.0 | [illegible] | [illegible] | [illegible] |
| Dec | 174.2 | [illegible] | [illegible] | [illegible] |
| March | 184.0 | [illegible] | [illegible] | [illegible] |
| May | 188.6 | [illegible] | [illegible] | [illegible] |
| July | 191.4 | [illegible] | [illegible] | [illegible] |
| Sept | 190.2 | [illegible] | [illegible] | [illegible] |
| Dec | 195.6 | [illegible] | [illegible] | [illegible] |

PORK BELLIES 38,000 lbs, cents/lb

| | Close | Prev | High | Low |
|---|---|---|---|---|
| Feb | 60.17 | [illegible] | [illegible] | [illegible] |
| March | 59.67 | [illegible] | [illegible] | [illegible] |
| May | 60.50 | [illegible] | [illegible] | [illegible] |
| July | [illegible] | [illegible] | [illegible] | [illegible] |
| Aug | [illegible] | [illegible] | [illegible] | [illegible] |

SOYABEANS 5,000 bu min; cents/60 lb-bushel

| | Close | Prev | High | Low |
|---|---|---|---|---|
| Sept | [illegible] | [illegible] | [illegible] | [illegible] |
| Nov | [illegible] | [illegible] | [illegible] | [illegible] |
| Jan | [illegible] | [illegible] | [illegible] | [illegible] |
| March | [illegible] | [illegible] | [illegible] | [illegible] |
| May | [illegible] | [illegible] | [illegible] | [illegible] |
| July | [illegible] | [illegible] | [illegible] | [illegible] |
| Aug | [illegible] | [illegible] | [illegible] | [illegible] |
| Sept | [illegible] | [illegible] | [illegible] | [illegible] |

SOYABEAN MEAL 100 tons, $/ton

| | Close | Prev | High | Low |
|---|---|---|---|---|
| Sept | [illegible] | [illegible] | [illegible] | [illegible] |
| Oct | [illegible] | [illegible] | [illegible] | [illegible] |
| Dec | [illegible] | [illegible] | [illegible] | [illegible] |
| Jan | [illegible] | [illegible] | [illegible] | [illegible] |
| March | [illegible] | [illegible] | [illegible] | [illegible] |
| May | [illegible] | [illegible] | [illegible] | [illegible] |
| July | [illegible] | [illegible] | [illegible] | [illegible] |
| Aug | [illegible] | [illegible] | [illegible] | [illegible] |

SOYABEAN OIL 60,000 lbs; cents/lb

| | Close | Prev | High | Low |
|---|---|---|---|---|
| Sept | [illegible] | [illegible] | [illegible] | [illegible] |
| Oct | [illegible] | [illegible] | [illegible] | [illegible] |
| Dec | [illegible] | [illegible] | [illegible] | [illegible] |
| Jan | [illegible] | [illegible] | [illegible] | [illegible] |
| March | [illegible] | [illegible] | [illegible] | [illegible] |
| May | [illegible] | [illegible] | [illegible] | [illegible] |
| July | [illegible] | [illegible] | [illegible] | [illegible] |
| Aug | [illegible] | [illegible] | [illegible] | [illegible] |
| Sept | [illegible] | [illegible] | [illegible] | [illegible] |

WHEAT 5,000 bu min, cents/60 lb bushel

| | Close | Prev | High | Low |
|---|---|---|---|---|
| Sept | 281.0 | 282.6 | 283.4 | 280.4 |
| Dec | 295.0 | 296.6 | 297.6 | 294.4 |
| March | 300.6 | 303.2 | 304.0 | 300.2 |
| May | 294.4 | 295.4 | 296.4 | 294.2 |
| July | 281.4 | 284.4 | 284.0 | 281.4 |
| Sept | 284.4 | 287.4 | 288.2 | 284.4 |

SPOT PRICES: Chicago loose lard 15.50 (same) cents per pound. Handy and Harman silver bullion 768.0 (764.0) cents per troy ounce. New York tin 316-319 (same) cents per pound.

## RUBBER

Turnover: 4,741 (4,163) lots of 100 tonnes.

PHYSICALS—Closing prices (buyers): Spot: 70.00p (same); Oct 69.25p (69.00p); Nov 69.50p (69.25p). The Kuala Lumpur fob prices (Malay-Singapore cents) per kg was: RSS No 1 266.0 (265.0); SMR 20 245.0 (242.5).

## SOYABEAN MEAL

| | Yesterd'ys close £ per tonne | + or − | Business done |
|---|---|---|---|
| October | 132.8-134.0 | +2.15 | 131.0 |
| Dec | 131.0-132.0 | +3.25 | 131.0 |
| Feb | 132.0-132.5 | +2.20 | 131.5 |
| April | 132.8-133.0 | +1.95 | 132.5 |
| June | 126.5-127.5 | +1.50 | — |
| August | 126.0-126.2 | +1.60 | 126.0 |
| October | 127.5-128.4 | +1.95 | — |

Sales: 157 (198) lots of 20 tonnes.

## MEAT

MEAT COMMISSION—Average fatstock prices at representative markets. GB—Cattle 97.57p per kg lw (−0.58). GB—Sheep 162.61p per kg est dcw (−3.40). GB—Pigs 73.70p per kg lw (−0.94).

## SUGAR

LONDON DAILY PRICE—Raw sugar $157.60 (£95.60), down $1.20 (down £1.00) a tonne for September/October delivery. White sugar $165.00, unchanged.

| | Yesterd'y's close $ per tonne | Previous close | Business done |
|---|---|---|---|
| **No. 6 Raws** | | | |
| Oct | 156.4-156.8 | 159.6-159.8 | 165.0-156.0 |
| Dec | 145.6-145.8 | 144.2-146.8 | 145.0-141.2 |
| Mar | 151.8-152.2 | 153.8-154.0 | 155.8-151.2 |
| May | 158.2-158.8 | 157.8-158.0 | 158.8 |
| Aug | 160.0-160.6 | 161.8-161.8 | — |
| Oct | 164.4-164.8 | 166.2-166.4 | — |
| Dec | 168.0-169.4 | 169.2-170.8 | 169.8-165.8 |
| **No. 5 Whites** | | | |
| Oct | 181.0-182.0 | 184.0-184.4 | 185.8-181.8 |
| Dec | 181.8-185.6 | 184.6-185.0 | 184.0-181.6 |
| Mar | 186.0-187.6 | 188.0-188.8 | 188.4-188.8 |
| May | 188.8-191.8 | 191.0-192.2 | 191.5-190.8 |
| Aug | 193.7-194.5 | 195.0-196.6 | 196.8-194.2 |
| Oct | 187.0-193.0 | 189.6-200.5 | 199.5-199.8 |
| Dec | 198.0-202.5 | 201.8 | — |

TAKE IN TABLE

Sales: No 6 3,130 (3,849) lots of 50 tonnes: No 5 1,800 (2,502).

Tate and Lyle delivery price for granulated basis sugar was £200.50 (£200.00) a tonne for export.

International Sugar Agreement—(US cents per pound fob and stowed Caribbean ports). Prices for September 10: Daily price 5.90 (6.76); 15-day average 5.91 (5.45).

PARIS—Whites (FFr per tonne): Oct 1080-1082, Dec 1095-1098, March 1130-1134, May 1155-1160, Aug 1177-1185, Oct 1187-1210.

# WORLD STOCK MARKETS

## NEW YORK

[illegible]

### WALL STREET

## Strong rise despite US trade news

STOCK AND BOND markets moved higher on Wall Street yesterday despite news of a record US trade deficit in July as investors focussed on a resilient dollar.

*The US currency, which fell on a* wave of selling immediately after the $16.47bn trade shortfall was announced, cut its losses and stood mixed against other major currencies at midsession.

Analysts said the impact of the big July trade gap was blunted by the news on Thursday that Japan's trade surplus for August had shrunk dramatically. Investors here took the Japanese figure as a *better indicator of the trend in* world trade.

Wachtel said the stock and bond markets this week were beginning a recovery from a technically oversold position. Both markets had their best day in two weeks on Thursday, with stocks rallying 27 points and bonds jumping a half point.

"The balance of trade figures were the only thing standing in the way of a recovery," he said, and the release of the trade report unleashed new bargain-hunting in both markets.

Background support for stocks and bonds was added by a Government report that US wholesale prices were unchanged in August.

Also aiding the low inflation outlook was a steep drop in oil rices in New York, where the October spot oil futures contract slid 32 cents a barrel to $19.25 on *the Mercantile Exchange.*

Wall Street, in the midst of a strong recovery after a two-week slump, took little notice of the trade setback. After opening with small gains, the Dow Jones Industrial Average jumped to a 32-point advance to 2,607 by midsession. Advancing shares led declines by three-to-one on a volume of 100m shares.

Many analysts say the market was oversold and buyers used the US trade deficit report as an excuse. The deficit set a record, but was close to estimates.

The market got its second wind as US Treasuries gained almost a point after falling eary in the session.

The Dow Index was struggling with profit-taking.

**UK clearing bank base lending rate 10 per cent since August 7**

### CANADA

Declining Gold issues and rising Metals and Mines left Canadian stocks mixed in active trading. The market appeared to ignore lower-than-exected US trade deficit figures.

The Toronto Composite index firmed 2.00 to 3930.80, although declines outpaced advances. The Metals & Minerals index rose 38.34 to 3289.92 and Oil & Gas 20.80 to 4306.0.

Golds weakened as bullion prices turned lower.

Energy stocks moved higher in concert with gains by non-Precious Metals, with **Imperial Oil "A"** rising $1⅛ to $72⅝. **Shell Canada** $1¼ to £47 and **Gulf Canada Resources** $⅝ to $24⅛.

### TOKYO

Slightly higher in moderate trade on buying of export-orientated shares prompted by Wall Street's advance overnight and a steady dollar.

The Nikkei Average gained 33.03 to 24,828.27. Declines just led advances in turnover of 850m (550m) shares.

Banks fell, partly on news **Kanagawa Prefecture Labor Bank**, an unlisted company, had book losses of Y10.8bn on investments, mostly on foreign bonds, they said.

*Communications, Precision* Instruments, Electronics, Insurances, Securities, Steels and Shipbuildings gained ground.

**Nippon Telegraph and Telephone** moved up Y120,000 to 2.74m, partly because of rumours NTT is planning to acquire a telecommunications equipment company. NTT denied it had any such plans. The stock price also climbed due to a feeling that the next share sale by the Government, expected sometime in November, will spur demand, brokers said.

*Telecommunications* equipment makers rose on an anticipated recovery in demand for their products.

Three new telecom companies started business on September 4. Equipment makers **Hirose Electrical** rose Y190 to Y5,050, **Ikegami Tsushinki** Y180 to 2,230 and **Toyo Communication Equipment** Y160 to 2,220.

Other Electronics and Precision Instrument firms improved because their exports to the US should benefit now that the dollar's decline has been arrested.

The first section index gained 3.53 to 2,052.49. The second section index lost 0.63 to 2,654.38. Volume 18m (17m) shares.

Apart from buying of Exporters, interest centred on stocks likely to rise from booming domestic demand, brokers said.

### SINGAPORE

Higher as short-covering and some bargain hunting helped price to recover slightly over a broad front. But trading was quiet.

Most investors remained on the sidelines due to continued uncertainty surrounding the new delivery and settlement system introduced on Monday.

The Straits Times Industrial index rose 8.30 to 1,466.11. Turnover 18.9m (18.2m) shares).

News UIC and UOL terminated on agreement to jointly purchase a 31-storey complex had little impact on their share prices.

**Lin Kah Ngah** shed 8 cents to $S1.27 on "poor" first half year results.

Volume-leader **QAF Holdings** rose 3 cents to $S1.46 on 1.4m shares.

### HONG KONG

Sharply higher with the Hang Seng index at another record, but heavy profit-taking trimmed the gains.

After rising more than 80 points, the Hang Seng index finished 59.54 higher at 3,650.50, topping the previous record of 3,654.48 set on September 4. Turnover climbed to SHK2.6bn ($HK2.1bn).

Brokers said rumours of a joint venture between **HK Land**, up 25 cents at $HK8.35 and **Sun Hung Kai Properties**, up 40 cents at *$HK18.90, helped propel Property* shares, with the Real Estate sub-index adding more than 81 points.

HK Land affiliate **Jardine Matheson** climbed $HK1 at $HK22.60.

### AUSTRALIA

Sharply higher, recovering much of this week's losses on a series of positive signals from abroad.

AUS$8.20 rise in gold prices boosted demand for leading mining stocks. Industrials were inspired by firmer overnight Wall Street and also in London, solid profit results and lower domestic interest rates.

The All Ordinaries index was 21.7 higher at 2306.7, the All Industrials index 14.6 at 3246.5, Gold index 60.8 at 3857.9 and the All Resources index 26.9 to 1408.5. Turnover 184.69m shares worth $A334.87m. Rises outnumbered falls by five-to-three.

Twenty-cent gains took **Renison** to $A14.60, **Kidston** to $A7.20, **Poseidon** to $A6.90 and **Sons of Gwalia** to $A13.80. **BHP Gold** rose 8 cents to $A1.78 on heavy turnover of 8.62m shares worth $A14.69m, most in one special sale.

Among the Industrials, interest tended to centre on Merchants, Transport, Developers and Retailers.

### GERMANY

Mixed in quiet trading, with professional operators covering some short positions ahead of the release of US trade figures for July.

Both domestic and foreign investors shunned the market.

Dealers said the trade data and their effect on the dollar would *determine the direction of share* prices here next week.

Chemicals rose across the board and Banks mostly gained ground. But Cars were mixed.

The Commerzbank index of 60 shares, calculated at midsession, edged up 0.3 to 1,974.2.

## CANADA

[illegible]

## AUSTRIA

[illegible]

## GERMANY

[illegible]

## BELGIUM/LUXEMBOURG

[illegible]

## DENMARK

[illegible]

## FINLAND

[illegible]

## FRANCE

[illegible]

## ITALY

[illegible]

## NETHERLANDS

[illegible]

## NORWAY

[illegible]

## SPAIN

[illegible]

## SWEDEN

[illegible]

## SWITZERLAND

[illegible]

## AUSTRALIA

[illegible]

## AUSTRALIA (Continued)

[illegible]

## HONG KONG

[illegible]

## JAPAN

[illegible]

## JAPAN (Continued)

[illegible]

## SINGAPORE

[illegible]

## SOUTH AFRICA

[illegible]

NOTES — Prices on this page are as quoted on the individual exchanges and are last traded prices. [illegible]

# Indices

## NEW YORK

DOW JONES

[illegible]

STANDARD AND POOR'S

[illegible]

TRADING ACTIVITY

[illegible]

## CANADA

TORONTO

[illegible]

MONTREAL Portfolio [illegible]

[illegible]

## NEW YORK ACTIVE STOCKS

[illegible]

# CURRENCIES & MONEY

## FOREIGN EXCHANGES

# Trade figures disappoint

*THE DOLLAR finished* with mixed changes yesterday after the release of US trade figures The $16.47bn deficit was much in line with expectatons but was still less than encouraging and the dollar lost ground soon *after the* announcement before recovering on short covering ahead of the weekend.

It touched a low of DM 1.7860, against the D-Mark before coming back to close at DM 1.8005 *from* DM 1.8065. *It* finished above Thursday's closing levels against the yen at Y142.30 from Y142.50. There was no sign of any central bank intervention.

Longer term sentiment was a little harder to predict. Some dealers suggested that while yesterday's figures were for July. there was room for improvement next month since Japan's trade surplus was falling. Others disagreed on two counts, maintaining that Japan's trade position was only a part concern in the overall deficit and that even so a $16bn a month *shortfall* was not sustainable.

On balance dollar sentiment remained bearish. Elsewhere it closed at SFr 1.4895 from SFr 1.4950 and FFr 6.0250 compared with FFr 6.0425. On Bank of *England figures, the dollar's* exchange rate index fell to 100.4 from 100.8.

Sterling finished on a firmer note. The dollar's overall bearish tone enabled the pound to *improve to $1.6505 from $1.6450. It* was unchanged against the D-Mark at 2.9725 but rose against the yen to Y235.75 from Y234.50. Elsewhere it finished at SFr2.4575 from SFr2.46 and FFr9.9450 compared *with FFr9.94. On Bank of* England figures, the pound's exchange rate index rose from 72.9 to 73.1, having opened at 73.0.

**D-MARK — Trading range against the dollar in 1987 is 1.9395 to 1.7690. August average 1.8573. Exchange rate index 147.3 against 146.5 six months ago.**

Initial reaction to the US trade figures saw the dollar *lose* ground in Frankfurt. However the trend did not last because their was little incentive to carry too many exposed positions over the weekend. The dollar closed at DM1.7940 from DM1.8035, having fallen briefly below DM1.79.

***JAPANESE YEN — Trading* range against the dollar in 1987 is 159.45 to 138.35. August average 147.57. Exchange rate index 222.8 against 209.8 six months ago.**

There was little movement in Tokyo as traders awaited the release of US trade figures. A little short covering was seen as speculators squared their positions but no clear trend developed simply because reaction to the trade figures remained an unknown quantity.

The dollar closed at Y142.55 against Y142.45 in New York and Y142.65 in Tokyo on Thursday. *News of a reduction in the* Japanese trade surplus gave the dollar a brief fillip but seemed to be insufficient to change dollar sentiment from its recent bearish trend.

### £ IN NEW YORK

| Sept. 11 | Latest | Previous Close |
|---|---|---|
| £ Spot | 1.6590-1.6600 | 1.6460-1.6465 |
| 1 month | 0.32-0.30pm | 0.31-0.30pm |
| 3 months | 1.01-0.98pm | 1.02-0.99pm |
| 12 months | 3.15-3.05pm | 3.05-2.97pm |

Forward premiums and discounts apply to the U.S. dollar.

### STERLING INDEX

| | Sept. 11 | Previous |
|---|---|---|
| 8.30 am | 73.0 | 72.9 |
| 9.00 am | 73.1 | 72.8 |
| 10.00 am | 73.1 | 72.9 |
| 11.00 am | 73.1 | 72.9 |
| Noon | 73.1 | 72.9 |
| 1.00 pm | 73.1 | 72.9 |
| 2.00 pm | 73.2 | 73.0 |
| 3.00 pm | 73.2 | 73.0 |
| 4.00 pm | 73.1 | 72.9 |

### CURRENCY RATES

| Sept. 11 | Bank rate % | Special Drawing Rights | European Currency Unit |
|---|---|---|---|
| Sterling | — | 0.785083 | 0.696371 |
| U.S. Dollar | 5.5 | 1.29366 | 1.14657 |
| Canadian $ | 8.75 | * | 1.51199 |
| Austrian Sch. | 4 | 16.4372 | 14.58647 |
| Belgian Franc | 7¼ | 48.5866 | 43.0940 |
| Danish Krone | 7 | 9.03751 | 8.01628 |
| Deutsche Mark | 3.0 | 2.33596 | 2.07220 |
| Neth. Guilder | 4½ | 2.63066 | 2.33294 |
| French Franc | 9½ | 7.81823 | 6.93563 |
| Italian Lira | 12 | N/A | 1502.13 |
| Japanese Yen | 2½ | 184.476 | 163.731 |
| Norway Krone | 8 | 8.58473 | 7.61555 |
| Spanish Peseta | — | 156.921 | 139.137 |
| Swedish Krona | 7½ | 8.23285 | 7.30770 |
| Swiss Franc | 3.5 | 1.93273 | 1.71470 |
| Greek Drach. | 20½ | 178.415 | 158.204 |
| Irish Punt | — | N/A | 0.777497 |

*C$/SDR rate for Sept. 11; 1.70981

### CURRENCY MOVEMENTS

| Sept. 11 | Bank of England Index | Morgan Guaranty Changes % |
|---|---|---|
| Sterling | 73.1 | −20.6 |
| U.S. Dollar | 100.4 | −6.2 |
| Canadian Dollar | 78.2 | −10.2 |
| Austrian Schilling | 138.2 | +10.1 |
| Belgian Franc | 99.9 | −4.7 |
| Danish Krone | 90.9 | +0.8 |
| Deutsche Mark | 147.3 | +21.8 |
| Swiss Franc | 173.6 | +22.0 |
| Guilder | 135.4 | +14.5 |
| French Franc | 71.5 | −13.1 |
| Lira | 47.2 | −18.4 |
| Yen | 222.8 | +66.1 |

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (Base average 1975=100).

### OTHER CURRENCIES

| Sept. 11 | £ | $ |
|---|---|---|
| Argentina | 3.9715-3.9885 | 2.3970-2.4060 |
| Australia | 2.2575-2.2605 | 1.3715-1.3720 |
| Brazil | 81.0685-81.5095 | 48.9250-49.1700 |
| Finland | 7.2160-7.2370 | 4.3590-4.3620 |
| Greece | 225.45-229.05 | 136.75-138.95 |
| Hong Kong | 12.8000-12.8900 | 7.7945-7.7965 |
| Iran | 117.95* | 70.56* |
| Korea(Sth) | 1321.75-1333.70 | 802.80-810.20 |
| Kuwait | 0.46500-0.46560 | 0.28065-0.28075 |
| Luxembourg | 61.60-61.70 | 37.30-37.40 |
| Malaysia | 4.1250-4.1600 | 2.5120-2.5140 |
| Mexico | 2520.29-2524.68 | 1521.00-1523.00 |
| N. Zealand | 2.6440-2.6495 | 1.6060-1.6080 |
| Saudi Ar. | 6.2135-6.2190 | 3.7500-3.7510 |
| Singapore | 3.3300-3.3600 | 2.0850-2.0900 |
| S. Af. (Cm) | 3.3530-3.3690 | 2.0270-2.0315 |
| S. Af. (Fn) | 5.3890-5.5705 | 3.2520-3.3615 |
| Taiwan | 49.45-49.70 | 30.05-30.15 |
| U.A.E. | 6.0855-6.0905 | 3.6725-3.6735 |

*Selling rate.

### POUND SPOT—FORWARD AGAINST THE POUND

| Sept 11 | Day's spread | Close | One month | % p.a. | Three months | % p.a. |
|---|---|---|---|---|---|---|
| US | 1.6450-1.6590 | 1.6500-1.6510 | 0.31-0.28 cpm | 2.14 | 1.00-0.95 pm | 2.36 |
| Canada | 2.1716-2.1852 | 2.1750-2.1760 | 0.17-0.05 c pm | 0.61 | 0.39-0.23 pm | 0.57 |
| Netherlands | 3.33½-3.35¼ | 3.33¾-3.34½ | 1¼-1⅛ c pm | 4.49 | 4-3⅞ pm | 4.57 |
| Belgium | 61.48-62.09 | 61.60-61.70 | 19-13 c pm | 3.11 | 59-49 pm | 3.50 |
| Denmark | 11.46-11.52½ | 11.47¼-11.48¼ | ¼ pm-¾ ore dis | −0.39 | 1¼pm-2¼ore dis | −0.61 |
| Ireland | 1.1117-1.1167 | 1.1125-1.1135 | 0.06-par pm | 0.32 | 0.17-par pm | 0.31 |
| W. Germany | 2.96½-2.97¼ | 2.96¼-2.97¼ | 1½-1¼ pf pm | 5.55 | 4½-4¼ pm | 5.80 |
| Portugal | 234.04-236.43 | 234.52-235.50 | 71-125 c dis | −5.00 | 240-330 dis | −4.85 |
| Spain | 198.64-200.21 | 198.64-199.09 | 126-144 c dis | −8.15 | 235-288 dis | −5.26 |
| Italy | 2145½-2159¼ | 2151½-2152½ | 7-9 lire dis | −4.46 | 16-20 dis | −3.35 |
| Norway | 10.88½-10.95½ | 10.88¼-10.89¼ | 3½-4 ore dis | −4.13 | 9¾-10½ dis | −3.70 |
| France | 9.90¼-9.96½ | 9.94-9.95 | 1⅝-1⅛ c pm | 1.66 | 4⅞-4 pm | 1.78 |
| Sweden | 10.46-10.51½ | 10.46¼-10.47¼ | ½-¼ ore pm | 0.36 | 1⅞-1⅛ pm | 0.57 |
| Japan | 234¼-236¼ | 235¼-236¼ | 1¼-1 y pm | 5.73 | 3½-3¼ pm | 5.73 |
| Austria | 20.82-20.90 | 20.82-20.85 | 9¼-8⅝ gro pm | 5.29 | 30-27¼ pm | 5.53 |
| Switzerland | 2.45¼-2.49¼ | 2.45¼-2.46¼ | 1⅝-1½ c pm | 6.10 | 4-3¼ pm | 6.31 |

Belgian rate is for convertible francs. Financial franc 61.85-61.95. Six-month forward dollar 1.90-1.85 c pm. 12-month 3.20-3.15 pm.

### DOLLAR SPOT—FORWARD AGAINST THE DOLLAR

| Sept. 11 | Day's spread | Close | One month | % p.a. | Three months | % p.a. |
|---|---|---|---|---|---|---|
| UK† | 1.6450-1.6590 | 1.6500-1.6510 | 0.31-0.28c pm | 2.14 | 1.00-0.95pm | 2.36 |
| Ireland† | 1.4743-1.4890 | 1.4855-1.4865 | 0.24-0.19c pm | 1.75 | 0.67-0.57c pm | 1.68 |
| Canada | 1.3160-1.3193 | 1.3175-1.3050 | 0.15-0.19c dis | −1.55 | 0.57-0.62 dis | −1.80 |
| Netherlands | 2.0150-2.0359 | 2.0230-2.0240 | 0.38-0.35c pm | 2.15 | 1.10-1.06pm | 2.13 |
| Belgium | 37.25-37.57 | 37.30-37.40 | 4-2c pm | 0.96 | 12.00-8.00pm | 1.07 |
| Denmark | 6.97-6.99½ | 6.95½-6.96 | 0.90-1.40ore dis | −1.98 | 3.20-3.70 dis | −1.98 |
| W. Germany | 1.7860-1.8089 | 1.8000-1.8010 | 0.52-0.49pf pm | 3.36 | 1.58-1.53pm | 3.45 |
| Portugal | 141½-142½ | 141¼-142¼ | 50-150c dis | −8.43 | 225-375 dis | −8.43 |
| Spain | 120.10-121.37 | 120.65-120.75 | 90-110c dis | −9.89 | 230-260 dis | −8.07 |
| Italy | 1296-1310 | 1303¼-1304¼ | 7.50-8.50lire dis | −7.33 | 18.00-19.50dis | −5.73 |
| Norway | 6.58¼-6.64½ | 6.59¼-6.60¼ | 3.30-3.50ore dis | −6.14 | 10.00-10.30dis | −6.11 |
| France | 5.99¼-6.04¼ | 6.02¼-6.02¾ | 0.17-0.27c dis | −0.44 | 0.85-1.15 dis | −0.66 |
| Sweden | 6.33-6.37½ | 6.34-6.34½ | 0.80-1.00ore dis | −1.70 | 2.90-3.10 dis | −1.89 |
| Japan | 140.80-143.10 | 142.75-142.85 | 0.42-0.39y pm | 3.41 | 1.22-1.17 pm | 3.35 |
| Austria | 12.6060-12.7060 | 12.6175-12.6225 | 4.00-3.00gro pm | 3.30 | 11.00-9.00pm | 3.15 |
| Switzerland | 1.4770-1.4960 | 1.4890-1.4900 | 0.49-0.45c pm | 3.78 | 1.46-1.41 pm | 3.84 |

† UK and Ireland are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 37.45-37.55

### EURO-CURRENCY INTEREST RATES

| Sept. 11 | Short term | 7 Days notice | One Month | Three Months | Six Months | One Year |
|---|---|---|---|---|---|---|
| Sterling | 9¼-9 | 9⅝-9⅜ | 9⅞-9¾ | 10⁵⁄₁₆-10³⁄₁₆ | 10⅜-10¼ | 10⅝-10½ |
| U.S. Dollar | — | 7⅛-7⅛ | 7⅜-7¼ | 7⅝-7½ | 8⅛-7⅞ | 8⅝-8½ |
| Can. Dollar | 9-8¼ | 9-8¼ | 9-8¾ | 9⅝-9⅜ | 9⅞-9⅝ | 10⅛-10⅜ |
| D. Guilder | 5⅜-5¼ | 5½-5⅜ | 5⅝-5½ | 5⅞-5¾ | 5⅞-5¾ | 5⅞-5¾ |
| Sw. Franc | 1½-¾ | 1¼-1 | 3⅛-3⅜ | 3⅞-3⅝ | 4⅛-4⅛ | 4⅜-4⅛ |
| Deutschmark | 3⅝-3⅜ | 3⅝-3¼ | 4⅛-3⅞ | 4¼-4 | 4⅜-4⅛ | 4⅝-4⅜ |
| Fr. Franc | 7⅜-7⅛ | 7⅜-7⅛ | 7⅞-7⅝ | 8⅛-8⅝ | 8⅝-8¼ | 9⅛-9⅜ |
| Italian Lire | 12-10 | 17-15 | 14⅛-13⅞ | 13⅛-13 | 13⅝-12⅞ | 13⅛-13 |
| B. Fr. (Fin.) | 6⅛-6 | 6⅛-6⅛ | 6½-6⅜ | 6⅝-6⅝ | 6⅞-6⅜ | 7⅜-7⅛ |
| B. Fr. (Con.) | 6⅛-5⅜ | 6⅛-5⅜ | 6⅝-6⅛ | 6⅝-6½ | 7⅛-6⅞ | 7½-7⅛ |
| Yen | 3⅜-3⅛ | 3⅜-3⅛ | 4⅛-4⅛ | 4⅛-4⅛ | 4⅜-4⅛ | 4⅝-4⅛ |
| D. Krone | 9⅛-9 | 10-9⅞ | 10⅛-9⅞ | 10⅛-10⅞ | 10⅛-10⅞ | 11⅛-10⅞ |
| Asian $Sing. | 7-6⅞ | 7⅛-7⅛ | 7⅜-7⅛ | 7⅜-7⅛ | 8⅛-7⅞ | 8⅝-8½ |

Long-term Eurodollars: Two years 9⅛-9⅛ per cent; three years 9⅝-9⅜ per cent; four years 9⅛-9⅝ per cent; five years 9⅞-9⅝ per cent nominal. Short-term rates are call for US Dollars and Japanese Yen; others, two days' notice.

### EXCHANGE CROSS RATES

| Sept. 11 | £ | $ | DM | Yen | F Fr. | S Fr. | H Fl. | Lira | C $ | B Fr. |
|---|---|---|---|---|---|---|---|---|---|---|
| £ | 1. | 1.651 | 2.973 | 235.8 | 9.945 | 2.458 | 3.340 | 2152. | 2.176 | 61.65 |
| $ | 0.606 | 0.555 | 1.800 | 142.8 | 6.025 | 1.489 | 2.024 | 1304. | 1.318 | 37.35 |
| DM | 0.336 | 7.001 | 1. | 79.31 | 3.346 | 0.827 | 1.124 | 724.0 | 0.732 | 20.74 |
| YEN | 4.242 | 7.001 | 12.61 | 1000. | 42.18 | 10.42 | 14.17 | 9128. | 9.228 | 261.5 |
| F Fr. | 1.006 | 1.660 | 2.989 | 237.1 | 10. | 2.471 | 3.358 | 2164. | 2.188 | 61.99 |
| S Fr. | 0.407 | 0.672 | 1.210 | 95.93 | 4.047 | 1. | 1.359 | 875.7 | 0.885 | 25.09 |
| H Fl. | 0.299 | 0.494 | 0.890 | 70.58 | 2.978 | 0.736 | 1. | 644.3 | 0.651 | 18.46 |
| Lira | 0.465 | 0.767 | 1.381 | 109.5 | 4.621 | 1.142 | 1.582 | 1000. | 1.011 | 28.65 |
| C $ | 0.460 | 0.759 | 1.366 | 108.4 | 4.571 | 1.130 | 1.535 | 989.2 | 1. | 28.34 |
| B Fr. | 1.622 | 2.677 | 4.822 | 382.4 | 16.13 | 3.986 | 5.418 | 3491. | 3.529 | 100. |

Yen per 1,000: French Fr per 10: Lira per 1,000: Belgian Fr per 100.

## MONEY MARKETS

# UK rates show little change

INTEREST RATES in London showed little reaction to the US trade figures announced yesterday. A deficit of $16.47bn was bad *but in line with expectations. Con*seqently there was little reaction in money rates.

Next week sees the release of several important UK statistics and with sterling showing a steady *to firm tendency, there was little* incentive to move rates yesterday afternoon.

Three-month interbank money was quoted at 10⅛-10⅛ per cent just slightly easier than Thursday's close of 10¼-10⅛ per cent. 12-month money was unchanged at 10¾-10⅝ per cent. Weekend money traded between 9¾ per cent and 7 per cent.

News of a 0.3 per cent rise in UK retail sales in August after falling 0.1 per cent in July, giving a year-on-year rise of 4.4 per cent appeared to have little effect since it was much in line with market expectations.

**UK clearing bank base lending rate 10 per cent since August 7**

The Bank of England forecast a surplus of around £200m with factors affecting the market including the repayment of any late assistance and bills maturing in official hands together with a take up of Treasury bills draining £9m and a rise in the note circulation of £300m. In addition banks brought forward balances . of £100m below target. These were more than offset by Exchequer transactions which added £595m.

The forecast was revised to a flat position and the Bank gave no assistance in the morning or in the afternoon.

*Uncertainty in the market was* reflected in the Treasury bill tender where the average rate of discount was little changed at 9.7348 per cent from 9.7614 per cent. The £200m of bills on offer attracted *bids of £1,100m against £1,345m* the previous week and all bills offered were alloted. The minimum accepted bid was £97.57 against £97.55 and bids at that level were met as to about 83 per cent and above in full compared with 19 per cent the week before.

Next week a further £200m of bills will be on offer, replacing maturities of £400m.

*In Frankfurt call money fell to* 3.60 per cent from 3.65 per cent. Commercial banks appeared to be comfortably placed in regard to meeting end of month minimum reserve requirements and the recent draining of some DM 3.1

### FT LONDON INTERBANK FIXING

| (11.00 a.m. Sept.11) 3 months U.S. dollars | | 6 months U.S. dollars | |
|---|---|---|---|
| bid 7⅞ | offer 7⅞ | bid 7⅞ | offer 8 |

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

| September 11 | Overnight | One Month | Two Months | Three Months | Six Months | Lombard Intervention |
|---|---|---|---|---|---|---|
| Frankfurt | 3.50-3.60 | 3.80-3.95 | 3.80-3.95 | 3.85-4.00 | 4.20-4.35 | 5.0 |
| Paris | 7-7⅛ | 7⅛-7½ | 7⅝-7⅛ | 7⅞-7⅞ | 8⅛-8½ | 7½ |
| Zurich | ⅞-1⅛ | 3⅛-3⅜ | — | 3⅝-3⅛ | — | — |
| Amsterdam | 5⅛-5⅜ | 5⅛-5⅜ | — | 5⅜-5⅛ | — | — |
| Tokyo | 3.2188 | 3.7188 | — | 3.7813 | — | — |
| Milan | 11¼-12¼ | 11⅞-12⅛ | — | 12⅛-12⅞ | — | — |
| Brussels | 3.80 | 6⅞-6⅜ | — | 6⅝-6⅞ | — | — |
| Dublin | 8½-8¾ | 9⅛-9⅜ | 9⅞-9⅞ | 9⅞-9⅞ | 10⅛-10½ | — |

### LONDON MONEY RATES

| Sept. 11 | Over-night | 7 days notice | Month | Three Months | Six Months | One Year |
|---|---|---|---|---|---|---|
| Interbank | 9⅛-7 | 9½-9⅛ | 9⅝-9⅞ | 10⅛-10⅛ | 10⅜-10⅛ | 10⅝-10⅝ |
| Sterling CDs | — | — | 9⅞-9⅞ | 10⅛-10 | 10⅛-10⅛ | 10½-10⅝ |
| Local Auth'rity Deps. | 8⅝ | 9⅝ | 9⅝ | 10⅛ | 10⅛ | 10⅝ |
| Local Authority Bonds | — | 9⅞-9 | 10 | 10⅛ | 10½ | 10½ |
| Discount Mkt Deps. | 8½-7 | 9⅝ | 9⅞ | 9⅝ | — | — |
| Company Deposits | 9½-8½ | 9⅝ | 9⅝ | 10⅛ | 10⅜ | 10⅝ |
| Finance House Deposits | — | — | 9⅞ | 10⅛ | 10½ | — |
| Treasury Bills (Buy) | — | — | 9 | 9⅝ | — | — |
| Bank Bills (Buy) | — | — | 9⅞ | 9⅞ | 9⅞ | — |
| Fine Trade Bills (Buy) | — | — | 10⅛ | 10⅞ | 10⅞ | — |
| Dollar CDs | — | — | 7.40-7.35 | 7.60-7.55 | 8.00-7.95 | 8.50-8.45 |
| SDR Linked Deposits | — | — | 6⅞-6⅛ | 6⅞-6⅜ | 6⅞-6⅞ | 7⅞-7⅛ |
| ECU Linked Deposits | — | — | 7⅞-7⅞ | 7⅞-7⅞ | 7⅝-7⅝ | 7⅞-7⅞ |

Treasury Bills (sell); one-month 9⅞ per cent; three-months 9⅞ per cent; Bank Bills (sell): one-month 9⅞ per cent; three months 9⅞ per cent; Treasury Bills; Average tender rate of discount 9.7614 p.c. ECGD Fixed Rate Sterling Export Finance. Make up day August 28, 1987. Agreed rates for period September 23 to October 25 1987, Scheme I: 11.24 p.c., Schemes II & III: 11.31 p.c. Reference rate for period August 1 to August 28, 1987, Scheme IV: 10.037 p.c. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 10 per cent from September 1, 1987: Bank Deposit Rates for sums at seven days' notice 3-3½ per cent. Certificates of Tax Deposit (Series 6); Deposit £100,000 and over held under one month 8 per cent; one-three months 8¼ per cent; three-six months 10½ per cent; six-nine months 10⅝ per cent; nine-12 months 10¼ per cent; Under £100,000 8 per cent from September 2, Deposits withdrawn for cash 5 per cent.

# LONDON STOCK EXCHANGE

# Late rally after dip on US trade deficit

**Account Dealing Dates**

| First Dealings | Option *Declarations | Last Dealings | Account Day |
|---|---|---|---|
| Aug 24 | Sept 10 | Sept 11 | Sept 21 |
| Sept 14 | Sept 24 | Sept 25 | Oct 5 |
| Sept 28 | Oct 8 | Oct 9 | Oct 19 |

* New time dealings may take place from 9.00 am two business days earlier.

International security markets reacted in controversial fashion to the US trade deficit for July. The $16.45bn shortfall on current account was announced at 1.30 pm London time and appeared to stun UK markets, which went into reverse immediately. US bonds headed in the same southerley direction as fears were revived of another hige in American interest rates.

The opening, an hour later, of the New York equity market was awaited with trepidation. Wall Street, instead of weakening, moved sharply higher with US traders apparently satisfied by the economic numbers and mystified over the poor London reception. The Dow Jones index soon *posted a gain of 30 points*, but end-Account influences coupled with futures market volatility held London in check.

After 3.30 pm, however, a firmer trend emerged as demand without *penalty for the new trading* Account beginning on Monday developed. Much of this support was from traders hoping for a resumption of institutional activity next week. A fuller economic calendar open on Monday with the UK producer prices indices and last month's retail sales, and concludes on Friday with the August monetary statistics.

The late buying took the main indices back up to the best levels of the day and the FT-SE 100 share index closed showing a net gain of 8 points at 2,281.2; at 2.30 pm, it was 11 points lower. Over the *three-week trading Account* the index has risen 55.4. Influenced by the after-hours' activity, recorded Seaq bargains increased quite sharply to 47,765.

A revival of US support for pharmaceutical stock **Wellcome** and motor manufacturer **Jaguar** was choked off by a mid-afternoon dip in the dollar and failed to resume when the US currency later rallied. International issues continued to trade quietly, reflecting the continued lack of institutional activity, but the undertone of the market was helped by the IMF forecast of further economic growth in the non-communist world until end-1988.

Government securities overcame a bad patch which followed the US data. A mid-afternoon bounce in the sterling exchange rate brought little relief until US bonds eventually regained their losses and moved higher. Traders were then encouraged to buy *stock and some marketmakers* were caught with open positions. A certain amount of book-squaring developed, leaving longer maturities with net rises ranging to ¾.

Index-linked Gilts were a feature, although the August infla*tion figure of 4.4 per cent year-on-*year was exactly in line with expectations. Stock shortages contributed to the upward momentum, and selected stocks ended with gains of ??.

**Equity and Law**, the life assurance group currently in receipt of a 365p-a-share cash bid from New Zealander Ron Brierley's BIL, surged 27 to 417p following the 400p-a-share cash counter offer from the Paris-based Compagnie du Midi. The offer from the French group values E & L at £400m compared with BIL's £365m offer.

*But dealers said the perform*ance of E & L shares indicated a third bid for E & L could be in the pipeline with Italian and West German insurance groups possibly stalking the group. A more likely take-out level for Equity and Law would be in the region of 460p a share, traders said.

News that Argentina is seeking to freeze interest rates on its $54bn foreign debt triggered a minor decline in the bank sector at the outset but prices picked up later in the day on the appearance of new time buying and "bargain hunting."

**Standard Chartered** were particularly favoured and ended the day a net 7 higher at 808p, after the sale of its 10 per cent stake in Hong Kong's Wing Hung Bank. **NatWest** closed little changed at 713p, as did **Midland**, 493p, and **Barclays**, 374p. **Lloyds**, perceived to have a large exposure to Argentinian debts, fell 10 to 343p, after 340p.

**TSB**, where selling by small investors has largely dried up since the final 50p call, moved ahead to 146p prior to closing a net 3½ higher at 145p. Merchant banks showed **Hill Samuel** 4 up at 636p, amid rumours of another bid for the bank, Bats were talked off *here, while Morgan Grenfell, also* regarded as a prime bid target, added 8 to 533p.

**Anglo Irish Bank** shares spiralled upwards from 81p to 128p in an extremely thin market with activity in the shares said to be concentrated in the Republic amid vauge takeover speculation.

The counter offer for **Equity & Law** sparked a fresh rush into life assurance issues. **Pearl** were especially favoured and moved up 18 to 421p, while **London and Manchester** edged up 5 to 330p. **Abbey Life**, scheduled to announce interim figures on October 14, put *on 7 to 301p. Legal and General* put on 4 to 319p — the interims are due on September 16. Composites slipped back led by **Royals** which closed 13 down at 540p; recent stakebuilding by "down-under" interests seems to have dried up — an offer of 1m Royals at 558p failed to attract a buyer yesterday.

Extremely quiet conditions prevailed among leading Breweries, most of which subsequently *held* close to the overnight positions. **Guinness** hardened a shade to 368p; the first-half figures are scheduled for next Thursday with analysts' expectations currently showing an unusually wide spread between £155m and £180m.

**BPB Industries** continued to lose ground on fears of possible competition in the plasterboard industry following Redland/CSR's decision to set up a joint plasterboard venture and the close was 6 down at 348p, a two-day fall of 45. The joint venture, which is not expected to reap benefits for some time, caused buyers to shy away from **Redland** which fell 12 to 488p. Elsewhere in the Building sector, **John Laing**, which dipped 19 on Thursday following half-year profits slightly below market estimates, rallied 10 to 370p *following comment on the figures.* **Taylor Woodrow** picked up 9 at 449p and **AMEC** firmed 9 to 383p, while **Countryside**, boosted by Press comment, gained 10 to 297p. End-Account selling clipped 6 from **Stanley Miller** at 125p, but **Anglia Secured Homes** found support at 421p, up 13p.

Chemicals trended easier throughout and **ICI** lost ¼ at £15¼.

Leading Retailers finished the Account on a subdued note, sentiment not being helped by consideration of the cautious tenor of the latest CBI/FT distributive trades survey. *Nevertheless, W. H.* **Smith A** firmed a penny to 301p despite news that the proposed disposal of its half-share in Book Club Associates is to be referred to the Monopolies Commission. **Coats Viyella**, 2 lower at 371p, eased ahead of interim results scheduled for next week. Another firm spot was provided by **GUS A** finally ⅛ dearer at £13¼. **Storehouse** rose *8 to 375p on hopes of a* concrete move from prospective bidder Mountleigh next week. Buyers also returned for **Sears**, up 4 at 168p.

Business in the electricals sector was concentrated in three stocks. **Cabe & Wireless** attracted a turnover of 17m shares, bringing the week's turnover in the stock to more than 70m shares. The share *price slipped back 4 to 455p* yesterday as profit-taking more than offset the continuing buying interest from the Far East. But traders remain convinced that a shareholding of around 5 per cent has been acquired. **British Telecom** slipped back to 261p — 8 down on the week — in the wake of the fierce criticism the company has attracted in recent times. But the first quarter figures announced on Wednesday were deemed satisfactory. **Plessey**, where 13m shares changed hands, rose 6½ to 195½p amid rumours of an imminent buy circular from a *leading securities house. Else*where, proft-taking after the excellent interim results announced on Wednesday, left **BICC** 5 off at 415p, although they remained 9 firmer over the week.

**Britannia Security Group** fell 6 to 228p on news of the acquisition of the New York based leading records management business Leahy for $32.3m. **Personal Compu***ters jumped 20 to 270p following* Press comment.

Engineers recorded several out*standing movements.* **Woodhouse and Rixson** featured a jump of 28 to 119p on news of the agreed share exchange offer from **Johnson and Firth Brown**, the latter closed little altred at 46p. **Delta**, however, encountered profit taking after announcing half-year figures in line with expectations and closed 16 down on the day at 228p. **Rolls-Royce**, which disclosed that foreign shareholdings were close to the Government's imposed 15 per cent limit, were *active (some 19m shares) in the* wake of a heavy traded option business before settling a couple of pence higher at 112½p. **Laird Group** drifted back a few pence to 322p *following the* half-yearly results.

Foods finished the third leg of the extended trading Account in subdued fashion. "Take profits" advice from a leading broker in the wake of the interim results clipped 6 from **Rowntree** at 544p, while occasional offerings ahead of Monday's figures left **Dalgety** 7 off at 388p. **Unigate**, still overshadowed by reports of sluggish dairy sales, slipped 8 to 362p. **United Biscuits** were a penny cheaper at 318p.

**Grand Metropolitan** held its ground and closed a shade better at 537p, as did **Trusthouse Forte**, at 252p. **Ladbroke** were also a touch better, at 452p. Elsewhere in the Hotel sector, **Norfolk Capital** shed 2½ to 39½p following the poor response to the rights issue, while **Stakis** drifted off to close 2 cheaper at 125p.

**Wellcome** were boosted afresh by the cofpany's announcement that it's anti-AIDS drug Retrovir will be available through normal distribution channels in the US and other countries where the drug has been approved for use.

WhenWellcome first issued the drug to patients, constrainsts on the amount of raw material and processing facilities meant that the company had to restrict supplies. Wellcome shares were actively traded (some 3.6m changed hands) and closed 24 higher at 486p helped by a good demand from the US.

**Siebe**, in contrast, reacted sharply to close 115p down at 818p in the wake of the proposed acquisition of Barber-Colman of the US for £137.9m to be funded by a £207m rights issue. Barber-Colman, which is privately owned, is a major US manufacturer of highly engineered controls products.

Favourable Press comment propted interest in **Wolseley** which advanced 17 to 655p, while **DPCE**, still responding to the good preliminary figures gained 15 more to 310p. **Suter** continued to attract buyers ahead of Monday's half-year statement and put on 14 more to 303p. Comment on the interim figures left **Hepworth Ceramic** 8 to the good at 272p. **Pentland** ran into fresh selling and gave up 7 to 208p, while profit-*taking* clipped 15 from **Highgate and Job** at 700p. **Optical and Medical** fell 14 to 246p on acquisition news and the proposed £29m rights issue.

**Spectrum**, a rising market on Thursday reflecting speculative buying in a restricted market, moved up to 85p prior to closing 10 higher on balance at 82p following the company's announcement that it is in talks which may lead to a modest acquisition.

Television issues continued to benefit from **Tyne Tees'** sparkling results with **HTV** rising 15 more to 373p and **Scottish** advancing 24 to *610p. Yorkshire were up 10 at 324p* and **LWT** 5 dearer at 995p.

Motor sectors generally moved narrowly in subdued trading. Fresh support, much of which was said to emanate from US sources, lifted **Lex Service** 11 to 445p, while **D.C. Cook**, the Nissan main dealer, rose 5 more to 200p, up 27 on the week. Proceedings among Components again centred on **Dowty** which continued to react to a broker's bearish circular and shed another 5 to 259p.

**Olives Paper** were a nervous market awaiting the outcome of the shareholders vote on the alternate **Melton Medes** proposals, the shares reacting to 170p at one stage before rallying to close only 3 cheaper on the day at 182p.

Leading Properties moved higher again. **Land Securities** rose 18 to 554p and **MEPC** gained 17 to 563p, while **Hammerson A**, still reflecting takeover hopes, gained 18 to 688p. However, buy recommendation from Panmure Gordon *failed to inspire* **Bradford** *which* settled 5 cheaper at 695p. **Hampton Trust** gained 11 to 127p on potential opportunities following a recommended offer of 120p per share from **Aurora**; the latter, which intends to keep the Hampton Trust quote, fell 7 to 95p. **Chase Property** rallied 15 to 335p, while **Marler Estates** attracted renewed speculative buying and rose ½ to £12½. **Tops Estates** eased 2 to 360p following the offer for Pension Fund Property, launched in conjunction with Banque Paribas Capital Markets.

Oil shares edged higher at the outset when Brent crude was quoted higher at $18.60 a barrel and **Enterprise** announced better-than-expected interim figures, but prices then gave ground on profit-taking and selling induced by the US. trade figures. However, a minor flurry of cheap buying developed after hours. Enterprise closed 6 higher at 313p, after 315p with the 58 per cent profits rise *outstripping most analysts' fore*casts. **Lasmo** edged up 2 to 375p in sympathy.

Overseas Traders, subdued for most of the day, closed around the session's best, reflecting occasional support for the new Account. **Polly Peck** again featured, rising 12 for a two-day gain of 16 to 382p. **Lonrho** hardened a couple of pence to 308p, but *slightly easier values* were noted for **Harrisons and Crosfield**, 687p, and **Tozer Kemsley and Millbourn**, 138p.

### FINANCIAL TIMES STOCK INDICES

| | Sep. 11 | Sep. 10 | Sep. 9 | Sep. 8 | Sep. 7 | Year ago | 1987 High | 1987 Low | Since Compilation High | Since Compilation Low |
|---|---|---|---|---|---|---|---|---|---|---|
| Government Secs | 85.43 | †85.33 | 85.19 | 85.86 | 85.82 | 87.01 | 93.32 (8/5) | 84.49 (6/1) | 127.4 (9/1/35) | 49.18 (3/1/75) |
| Fixed Interest | 90.92 | 90.81 | 91.52 | 91.60 | 92.35 | 94.00 | 99.12 (15/6) | 90.23 (2/1) | 105.4 (28/11/47) | 50.53 (3/1/75) |
| Ordinary ♥ | 1763.8 | 1761.3 | 1756.1 | 1775.2 | 1788.5 | 1298.2 | 1,926.2 (16/7) | 1,320.2 (2/1) | 1,926.2 (16/7/87) | 49.4 (26/6/40) |
| Gold Mines | 453.0 | 448.9 | 448.6 | 454.2 | 458.5 | 297.4 | 497.5 (4/8) | 288.2 (19/2) | 734.7 (15/2/83) | 43.5 (26/10/71) |
| Ord. Div. Yield | 3.33 | 3.33 | 3.33 | 3.33 | 3.26 | 4.28 | | | | |
| Earnings Yld.%(full) | 8.14 | 8.15 | 8.15 | 8.22 | 8.05 | 9.84 | | | | |
| P/E Ratio (net) (*) | 15.04 | 15.02 | 15.02 | 14.94 | 15.25 | 12.46 | | | | |
| SEAQ Bargains (5 pm) | 47,765 | 34,282 | 31,312 | 33,427 | 31,533 | — | | | | |
| Equity Turnover (£m) | — | 1344.71 | 1037.36 | 1071.73 | 804.67 | 644.03 | | | | |
| Equity Bargains | — | 38,933 | 35,145 | 35,333 | 35,792 | 22,834 | | | | |
| Shares Traded (ml) | — | — | 444.3 | — | 352.3 | 290.8 | | | | |

**S.E. ACTIVITY**

| Indices | Sep. 10 | Sep. 9 |
|---|---|---|
| Gilt Edged Bargains | 95.3 | 111.1 |
| Equity Bargains | 252.3 | 227.7 |
| Equity Value | 2718.0 | 2096.8 |
| 5-Day Average | | |
| Gilt Edged Bargains | 104.0 | 105.7 |
| Equity Bargains | 234.5 | 224.8 |
| Equity Value | 2148.9 | 1982.5 |

| ♥ Opening | 10 a.m. | 11 a.m. | Noon | 1 p.m. | 2 p.m. | 3 p.m. | 4 p.m. |
|---|---|---|---|---|---|---|---|
| 1761.6 | 1762.5 | 1763.9 | 1763.8 | 1760.4 | 1755.2 | 1754.2 | 1760.2 |

Day's High 1764.3 Day's Low 1751.0. Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold Mines 12/9/55, SE Activity 1974, * Nil=14.80. († Corrected figure).

LONDON REPORT AND LATEST SHARE INDEX: TEL. 01-246 8026

### LONDON TRADED OPTIONS

| Option | | Calls Oct. | Calls Jan. | Calls Apr. | Puts Oct. | Puts Jan. | Puts Apr. |
|---|---|---|---|---|---|---|---|
| Allied Lyons (*415) | 390 | 35 | 45 | 58 | 7 | 15 | 18 |
| | 420 | 17 | 30 | 40 | 18 | 28 | 32 |
| | 460 | 4 | 16 | 25 | 50 | 55 | 58 |
| Brit. Airways (*191) | 190 | 12 | — | — | 10 | — | — |
| | 200 | 6 | 18 | 25 | 17 | 24 | 27 |
| | 220 | 2½ | 13 | 18 | 32 | 40 | 45 |
| Brit. & Comm. (*483) | 460 | 43 | 58 | 73 | 10 | 22 | 25 |
| | 500 | 20 | 37 | 52 | 28 | 40 | 45 |
| | 550 | 5 | 17 | 30 | 70 | 75 | 75 |

| Option | | Calls Nov. | Calls Feb. | Calls May | Puts Nov. | Puts Feb. | Puts May |
|---|---|---|---|---|---|---|---|
| Guinness (*364) | 330 | 45 | 52 | 60 | 7 | 13 | 13 |
| | 360 | 23 | 33 | 43 | 15 | 25 | 25 |
| | 390 | 11 | 22 | 30 | 32 | 40 | 42 |
| Ladbroke (*450) | 420 | — | 52 | 63 | — | 18 | 25 |
| | 443 | 24 | — | — | 20 | — | — |
| | 460 | 16 | 30 | 40 | 33 | 35 | 42 |
| LASMO (*375) | 280 | 100 | 108 | — | 2 | 3 | — |
| | 300 | 80 | 93 | 103 | 2 | 6 | 13 |
| | 330 | 56 | 72 | 84 | 9 | 13 | 20 |
| | 360 | 36 | 51 | 65 | 18 | 23 | 28 |

September 11. Total Contracts 46,890. Calls 29,831. Puts 17,059. FT-SE Index Calls 1,141. Puts 920 *Underlying security price.

### Traded Options

Traded options finished the week on a bright note. Dealers reported a lively business throughout the session with the result that total contracts struck amounted to 46,890—29,831 calls and 17,059 puts. Much of the day's activity centred on **Rolls-Royce**; an extremely active class of late both before and after the interim figures, the options were *in* further demand reflecting strong support both foreign and domestic, for the underlying security. Rolls-Royce attracted 3,189 calls, 988 in the January 110's, and 7,625 puts with attention centred on the October 100 and 110 series which contributed 1,330 and 4,275 trades respectively. Demand for **British Gas** positions, recently concentrated on the puts, switched to the calls with 4,158 trades struck, most of which were transacted in the October 200's. Operators also displayed sizable enthusiasm for **Plessey** which attracted 4,405 calls, 4,035 being struck in the November 200's. Another relatively active and evenly-balanced business was noted for **BP** which attracted 1,626 calls and 2,162 puts, the February and May 260 puts contributing 830 and 752 trades respectively.

### Traditional Options

- **First dealings Sept 1**
- **Last dealings Sept 18**
- **Last declaration Dec 3**
- **For Settlement Dec 14**

*For rate indications see end of London Share Service*

Call options were taken out in **Endeavour, Stormgard, Rank Organisation, Wheway, Rowntree, BOM Holdings, Benjamin Priest, Ineco, Tusker Resources, Moorgate Mercantile, Metal Box, Brent Walker, Control Securities, Associated British Engineering, Astra Holdings, Alpine Soft Drinks, T and N, Abaco, Elswick, Blacks Leisure, New England Properties, Amber Day, Singer and Friedlander** and **Rolls-Royce**. No put or double options were reported.

### NEW HIGHS AND LOWS FOR 1987

**NEW HIGHS (70)**

AMERICANS (1), BANKS (2), BUILDINGS (4), STORES (2), ELECTRICALS (7), ENGINEERING (3), FOODS (2), HOTELS (1), INDUSTRIALS (23), INSURANCE (2), LEISURE (7), MOTORS (1), PAPERS (2), SHIPPING (1), TEXTILES (1), TRUSTS (7), OILS (1), OVERSEAS TRADERS (2), MINES (9).

**NEW LOWS (7)**

AMERICANS (2), BASIX, Chemical New York, BANKS (1), MCorp, STORES (1), Sock Shop, INSURANCE (1), Saltire Ins. Invs, PAPER (1), Michael (J) Des., MINES (1), Mosto Expin.

# LONDON STOCK EXCHANGE

## DEALINGS

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission.

Details relate to those securities not included in the FT Share Information Services.

Unless otherwise indicated prices are in pence. The prices are those at which the business was done in the 24 hours up to 5 pm on Thursday and settled through the Stock Exchange Talisman system, they are not in order of execution but in ascending order which denotes the day's highest and lowest dealing prices.

For those securities in which no business was recorded in Thursday's Official List the latest recorded business in the four previous days is given with the relevant date.

‡ Bargains at special prices. ♦ Bargains done the previous day. Δ Bargains done with non-member or executed in overseas markets.

### Corporation and County Stocks No. of bargains included 3

London County 2½% Cons Stk 1920(or after) - £23½ (7Se87)
Greater London Council 6¾% Stk 90/92 - £85½ (8Se87)
Birmingham Corp 3½% Stk 1946(or after) - £25 (4Se87)
Bristol(City of) 11½% Red Stk 2008 - £103♦
Manchester(City of) 11.5% Red Stk 2007 - £104 (4Se87)
Newcastle-Upon-Tyne(City of) 11½% Red Stk 2017 - £103½ (4Se87)
Salford Corp 5¾% Red Stk 86/88 - £94½

Commerzbank Ag Cdp(see Warburg) DM10 - £19½ (8Se87)
Hill Samuel Group PLC8% Uns Ln Stk 89/94 - £87♦
Midland Bank PLC New £1 (Fp/PAL-24/9/87) - 493 3 5 5 7
7½% Subord Uns Ln Stk 83/93 - £83
10¾% Subord Uns Ln Stk 93/98 - £98 (8Se87)
14% Subord Uns Ln Stk 2002/07 - £118½ (7Se87)
National Westminster Bank PLC7% Cum Prf £1 - 62 4
9% Subord Uns Ln Stk 1993 - £97 8 (8Se87)
12½% Subord Uns Ln Stk 2004 - £109½ 10

6% 2nd Cum Prf Stk £1 - 56♦
British Amer Tobacco Investm PLC 10% Uns Ln Stk 90/95 - £95 (8Se87)
10½% Uns Ln Stk 90/95 - £96
British Home Stores PLC7½% Mtg Deb Stk 94/98 - £73 6 (4Se87)
British Printing & Comm Corp PLC4.2% A Cum Prf £1 - 51 (7Se87)
4.2% B Cum Prf £1 - 52♦
7.5% Non Cum Red Prf £1 - 90
7.75% Non Cum Red Prf £1 - 93 (7Se87)
British Shoe Corporation Ld5% Ird Deb Stk - £39 (7Se87)
British Shoe Corp Hldgs PLC6½% Cum Prf £1 - 57 (4Se87)
5¼% Cum 2nd Prf £1 - 51½ 2½ (4Se87)
6½% Cum 3rd Prf £1 - 57♦
7% Uns Ln Stk 85/90 - £96 (9Se87)
Brown & Jackson PLC Ord 20p - 58½ 9 ½ ½ 60 60 60‡ ½ ¾‡ ¾‡ 1½‡ ¼‡ ¾‡
Brown Boveri Kent PLC8% Uns Ln Stk 88/93 - £83 5½ ¾
Bulgin(A.F.) & Co PLC Ord Stk 5p - 80 (9Se87)
Bunzl PLC7% Cnv Uns Ln Stk 95/97 - £147 ½ 8
Burndene Investments PLC15% Uns Ln Stk 2007/12 - £109 (9Se87)
Burton Group PLC Wts to Sub for Ord Shs 1991 - 102
8% Uns Ln Stk 98/2003 - £74 (8Se87)
9¼% Uns Ln Stk 98/2003 - £86 (9Se87)

...

4% Cons Deb Stk - £34 (8Se87)
Portsmouth Water Co 10¾% Red Deb Stk 1996 - £95 (4Se87)
Rickmansworth Water Co 4% Cons Deb Stk - £34♦ 5♦
South Staffordshire Waterworks Co - £97

...

Southern Newspapers (£1) 325 6 35
Sutton Harbour Improvement 4pcPf NV 375
Talcare (£1) 240
Thwaites (Daniel) (£1) 699 700
West Hampshire A 7pcMax £12.50 (7/9)
Winchmore 90
Wisbech (5p) 80 2 (4/9)

*By permission of the Stock Exchange Council*

# WORLD MARKETS

## FT-ACTUARIES WORLD INDICES

**Jointly compiled by the Financial Times, Goldman, Sachs & Co., and Wood Mackenzie & Co. Ltd., in conjunction with the Institute of Actuaries and the Faculty of Actuaries**

| NATIONAL AND REGIONAL MARKETS | THURSDAY SEPTEMBER 10 1987 | | | | | WEDNESDAY SEPTEMBER 9 1987 | | | DOLLAR INDEX | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Figures in parentheses show number of stocks per grouping | US Dollar Index | Day's Change % | Pound Sterling Index | Local Currency Index | Gross Div. Yield | US Dollar Index | Pound Sterling Index | Local Currency Index | 1987 High | 1987 Low | Year ago (approx) |
| Australia (93) | 167.98 | −0.7 | 151.39 | 153.70 | 2.45 | 169.18 | 151.92 | 154.04 | 170.35 | 99.92 | 78.96 |
| Austria (16) | 97.75 | −0.7 | 88.09 | 91.70 | 2.27 | 98.39 | 88.36 | 91.73 | 101.62 | 85.53 | 91.74 |
| Belgium (48) | 125.78 | −1.0 | 113.36 | 116.94 | 4.09 | 127.11 | 114.15 | 117.08 | 134.89 | 96.19 | 90.77 |
| Canada (129) | 134.69 | +0.8 | 121.39 | 128.83 | 2.32 | 133.59 | 119.96 | 127.73 | 141.78 | 100.00 | 98.63 |
| Denmark (39) | 118.07 | +0.1 | 106.42 | 112.09 | 2.55 | 117.94 | 105.91 | 111.48 | 124.83 | 98.18 | 92.53 |
| France (121) | 114.99 | +0.1 | 103.63 | 108.99 | 2.60 | 114.82 | 103.11 | 108.29 | 121.82 | 98.39 | 94.05 |
| West Germany (92) | 102.22 | +0.8 | 92.13 | 96.00 | 1.98 | 101.46 | 91.11 | 94.76 | 104.93 | 84.00 | 94.12 |
| Hong Kong (45) | 144.32 | +0.4 | 130.07 | 144.50 | 2.50 | 143.73 | 129.07 | 143.90 | 147.36 | 96.89 | 79.81 |
| Ireland (14) | 141.49 | −1.4 | 127.52 | 135.08 | 3.34 | 143.50 | 128.86 | 136.25 | 145.49 | 99.50 | 85.64 |
| Italy (76) | 87.04 | +0.1 | 78.44 | 85.05 | 2.16 | 86.97 | 78.10 | 84.53 | 112.11 | 84.22 | 97.88 |
| Japan (458) | 143.28 | −1.6 | 129.14 | 129.06 | 0.53 | 145.61 | 130.75 | 130.28 | 161.28 | 100.00 | 99.31 |
| Malaysia (36) | 178.69 | −0.3 | 161.05 | 172.89 | 2.15 | 179.20 | 160.92 | 173.05 | 193.64 | 98.24 | 91.97 |
| Mexico (14) | 422.59 | +4.5 | 380.87 | 701.38 | 0.43 | 404.24 | 363.00 | 668.93 | 422.59 | 99.72 | 57.84 |
| Netherland (37) | 126.37 | +0.9 | 113.89 | 117.20 | 3.85 | 125.26 | 112.48 | 115.60 | 131.41 | 99.65 | 97.85 |
| New Zealand (24) | 129.62 | −1.4 | 116.82 | 111.67 | 2.70 | 131.48 | 118.07 | 111.88 | 132.71 | 83.93 | 72.08 |
| Norway (24) | 178.53 | +2.0 | 160.90 | 160.53 | 1.71 | 174.98 | 157.13 | 156.75 | 179.04 | 100.00 | 108.69 |
| Singapore (27) | 171.59 | −0.5 | 154.64 | 165.24 | 1.48 | 172.45 | 154.86 | 165.82 | 174.28 | 99.29 | 91.45 |
| South Africa (61) | 184.60 | −0.1 | 166.37 | 134.52 | 3.11 | 184.86 | 166.00 | 134.72 | 198.09 | 100.00 | 99.55 |
| Spain (43) | 157.60 | −0.7 | 142.04 | 145.00 | 2.75 | 158.76 | 142.56 | 144.99 | 161.19 | 100.00 | 96.61 |
| Sweden (33) | 130.91 | +0.3 | 117.98 | 123.35 | 1.89 | 130.46 | 117.15 | 122.50 | 131.45 | 90.85 | 96.24 |
| Switzerland (53) | 108.18 | +0.5 | 97.50 | 100.27 | 1.67 | 107.63 | 96.65 | 99.22 | 110.00 | 92.01 | 92.98 |
| United Kingdom (333) | 152.07 | −0.2 | 137.05 | 137.05 | 3.27 | 152.38 | 136.84 | 136.84 | 162.87 | 99.65 | 98.28 |
| USA (588) | 129.52 | +1.0 | 116.74 | 129.52 | 2.83 | 128.25 | 115.17 | 128.25 | 137.42 | 100.00 | 97.94 |
| Europe (929) | 126.19 | +0.1 | 113.73 | 116.54 | 2.84 | 126.11 | 113.24 | 115.92 | 128.35 | 99.78 | 96.26 |
| Pacific Basin (683) | 144.27 | −1.5 | 130.02 | 130.41 | 0.69 | 146.46 | 131.52 | 131.54 | 158.77 | 100.00 | 97.85 |
| Euro–Pacific (1612) | 137.10 | −0.9 | 123.56 | 124.87 | 1.48 | 138.39 | 124.27 | 125.31 | 143.65 | 100.00 | 97.23 |
| North America (717) | 129.80 | +1.0 | 116.98 | 129.51 | 2.81 | 128.53 | 115.42 | 128.24 | 137.55 | 100.00 | 97.98 |
| Europe Ex. UK (596) | 110.13 | +0.3 | 99.26 | 103.81 | 2.47 | 109.79 | 98.60 | 102.92 | 111.97 | 98.02 | 95.06 |
| Pacific Ex. Japan (225) | 156.41 | −0.4 | 140.97 | 147.17 | 2.42 | 157.04 | 141.02 | 147.21 | 157.85 | 99.92 | 79.55 |
| World Ex. US (1816) | 137.70 | −0.9 | 124.11 | 125.44 | 1.53 | 138.89 | 124.72 | 125.82 | 143.38 | 100.00 | 97.24 |
| World Ex. UK (2071) | 132.77 | −0.2 | 119.66 | 126.14 | 1.87 | 132.99 | 119.43 | 125.92 | 138.82 | 100.00 | 97.44 |
| World Ex. So. Af. (2343) | 134.16 | −0.2 | 120.92 | 127.06 | 2.00 | 134.39 | 120.68 | 126.83 | 139.47 | 100.00 | 97.48 |
| World Ex. Japan (1946) | 130.30 | +0.6 | 117.44 | 126.21 | 2.80 | 129.52 | 116.31 | 125.24 | 134.03 | 100.00 | 96.62 |
| The World Index (2404) | 134.49 | −0.2 | 121.21 | 127.15 | 2.01 | 134.72 | 120.97 | 126.93 | 139.73 | 100.00 | 97.49 |

Base values: Dec 31, 1986 = 100



Latest prices were unavailable for this edition.

## EUROPEAN OPTIONS EXCHANGE

| Series | | Nov 87 Vol. | Nov 87 Last | Feb 88 Vol. | Feb 88 Last | May 88 Vol. | May 88 Last | Stock |
|---|---|---|---|---|---|---|---|---|
| GOLD C | $460 | 277 | 19.90 | 20 | 32 | — | — | $459.90 |
| GOLD C | $480 | 10 | 11 | 40 | 21.50 | — | — | " |
| GOLD C | $520 | 32 | 2.70 | — | — | — | — | " |
| GOLD P | $420 | — | — | 25 | 4 | 15 | 5.50 | " |
| GOLD P | $440 | 34 | 5.80 | 25 | 7.60B | 15 | 11 | " |
| | | Sept. 87 | | Oct. 87 | | Nov. 87 | | |
| S/Fl. C | Fl.195 | — | — | 40 | 7.50A | — | — | Fl.201.93 |
| S/Fl. C | Fl.200 | 140 | 2.50 | 82 | 3.30B | — | — | " |
| S/Fl. C | Fl.205 | 537 | 0.10 | 260 | 1.30 | 47 | 2.50A | " |
| S/Fl. C | Fl.210 | 25 | 0.10 | 10 | 0.70A | — | — | " |
| S/Fl. P | Fl.195 | — | — | 47 | 0.60 | — | — | " |
| S/Fl. P | Fl.200 | 671 | 0.70A | 166 | 2.05 | 15 | 3.40 | " |
| S/Fl. P | Fl.205 | 24 | 3 | 42 | 4.20 | — | — | " |
| | | Dec 87 | | Mar 88 | | June 88 | | |
| S/Fl C | Fl.200 | — | — | 13 | 6.20 | 41 | 7.20 | Fl.201.93 |
| S/Fl C | Fl.205 | 45 | 2.60B | 5 | 4.40 | 10 | 5.50 | " |
| S/Fl C | Fl.210 | 85 | 1.80 | 13 | 2.80 | 8 | 3.70 | " |
| S/Fl C | Fl.215 | 360 | 0.95 | — | — | 44 | 2.30 | " |
| S/Fl C | Fl.220 | 10 | 0.40 | 4 | 1 | 30 | 1.80 | " |
| S/Fl P | Fl.200 | 5 | 4.15 | 9 | 7 | — | — | " |
| S/Fl P | Fl.205 | 3 | 6.30B | — | — | — | — | " |
| S/Fl P | Fl.210 | 13 | 10.80 | 14 | 12.50 | — | — | " |
| | | Oct. 87 | | Jan. 88 | | Apr. 88 | | |
| ABN C | Fl.50 | 636 | 1 | 182 | 2.90 | 15 | 4.10 | Fl.48.30 |
| ABN P | Fl.50 | 254 | 2.50B | 76 | 3.30 | 6 | 3.80B | " |
| AEGON C | Fl.90 | 131 | 2.10B | 48 | 5.40 | 1 | 8 | Fl.86.40 |
| AEGON P | Fl.90 | 28 | 4.50 | 40 | 6.50 | 17 | 7 | " |
| AHOLD C | Fl.105 | — | — | 47 | 5.40 | — | — | Fl.101 |
| AHOLD P | Fl.95 | 100 | 1.30 | 5 | 3 | — | — | " |
| AKZO C | Fl.180 | 1800 | 3.30 | 526 | 8.90 | 31 | 12.60 | Fl.175 |
| AKZO P | Fl.170 | 513 | 4.60 | 36 | 8.30B | — | — | " |
| AMEV C | Fl.60 | 70 | 2.80 | 6 | 5.20 | — | — | Fl.61.10 |
| AMEV P | Fl.60 | 52 | 1.70 | 67 | 3.30 | — | — | " |
| AMRO C | Fl.90 | 50 | 1 | 243 | 3.50 | 20 | 6 | Fl.85.50 |
| AMRO P | Fl.80 | 202 | 0.70 | 45 | 1.70 | — | — | " |
| ELSEVIER C | Fl.65 | 283 | 2.70 | 152 | 5.40 | 10 | 7.80 | Fl.62.70 |
| GIST-BROC.C | Fl.50 | 345 | 0.90 | 405 | 3.40 | 239 | 4 | Fl.48.10 |
| GIST-BROC. P | Fl.45 | 127 | 0.40 | 37 | 2.20 | 1 | 2.80 | " |
| HEINEKEN P | Fl.170 | 100 | 2.80 | 14 | 5.20 | — | — | Fl.178.50 |
| HOOGOVENS C | Fl.50 | 281 | 1.20 | 113 | 3.70 | 10 | 6 | Fl.47.70 |
| HOOGOVENS P | Fl.50 | 110 | 3.20 | 14 | 5.10 | 9 | 5.80B | " |
| KLM C | Fl.50 | 425 | 2.90 | 119 | 5.50 | 21 | 7.30 | Fl.51.70 |
| KLM P | Fl.50 | 72 | 1 | 335 | 2.60 | 30 | 3.60 | " |
| NEDLLOYD C | Fl.190 | 97 | 5.70 | 24 | 15 | 2 | 19 | Fl.183.50 |
| NEDLLOYD P | Fl.170 | 151 | 2.80 | — | — | 6 | 12 | " |
| NAT.NED. C | Fl.75 | 332 | 2.50 | 41 | 5.50B | 22 | 7.50 | Fl.75.10 |
| NAT NED P | Fl.75 | 167 | 1.50 | 77 | 4 | 12 | 4 | " |
| PHILIPS C | Fl.55 | 226 | 0.80 | 297 | 2.30A | 65 | 3.40A | Fl.51.40 |
| PHILIPS P | Fl.50 | 168 | 0.90 | 155 | 2.30 | 24 | 3.40B | " |
| ROYAL DUTCH C | Fl.280 | 1481 | 2.70 | 280 | 8.50 | 73 | 13 | Fl.264.90 |
| ROYAL DUTCH P | Fl.260 | 514 | 5.90 | 174 | 9.80 | 25 | 11 | " |
| ROBECO C | Fl.115 | — | — | 140 | 2.70 | — | — | Fl.110.30 |
| ROBECO P | Fl.100 | — | — | — | — | 52 | 1.70 | " |
| UNILEVER C | Fl.140 | 600 | 5.20 | 416 | 10.30 | 101 | 14 | Fl.139.20 |
| UNILEVER P | Fl.136 | 245 | 3.30 | 32 | 6.20 | — | — | " |

TOTAL VOLUME IN CONTRACTS: 45,783

A=Ask B=Bid C=Call P=Put

## BASE LENDING RATES

| | % | | % | | % |
|---|---|---|---|---|---|
| ABN Bank | 10 | ● Charterhouse Bank | 10 | Nat Bk. of Kuwait | 10 |
| Adam & Company | 10 | Citibank NA | 10 | NatWestminster | 10 |
| Allied Arab Bk Ltd | 10 | City Merchants Bank | 10 | Northern Bank Ltd | 10 |
| Allied Dunbar & Co | 10 | Clydesdale Bank | 10 | Norwich Gen. Trust | 10 |
| Allied Irish Bank | 10 | Comm. Bk. N. East | 10 | PK Finans. Intl (UK) | 10½ |
| American Exp. Bk | 10 | Consolidated Cred | 10 | Provincial Trust Ltd | 11 |
| Amro Bank | 10 | Co-operative Bank | *10 | R. Raphael & Sons | 10 |
| Henry Ansbacher | 10 | Cyprus Popular Bk | 10 | Roxburghe G'rantee | 10½ |
| ANZ Banking Group | 10 | Duncan Lawrie | 10 | Royal Bk of Scotland | 10 |
| Associates Cap Corp | 10 | Equat'l Tst C'p plc | 10 | Royal Trust Bank | 10 |
| Authority & Co Ltd | 10 | Exeter Trust Ltd | 10½ | Smith & Williams Secs | 10 |
| Banco de Bilbao | 10 | Financial & Gen. Sec. | 10 | Standard Chartered | 10 |
| Bank Hapoalim | 10 | First Nat. Fin. Corp | 11 | TSB | 10 |
| Bank Leumi (UK) | 10 | First Nat. Sec. Ltd | 11 | UDT Mortgage Exp. | ¶11.1 |
| Bank Credit & Comm | 10 | ● Robert Fleming & Co | 10 | United Bk of Kuwait | 10 |
| Bank of Cyprus | 10 | Robert Fraser & Ptrs | 11 | United Mizrahi Bank | 10 |
| Bank of Ireland | 10 | Girobank | 10 | Unity Trust PLC | 10 |
| Bank of India | 10 | Grindlays Bank | 10 | Western Trust | 10 |
| Bank of Scotland | 10 | ● Guinness Mahon | 10 | Westpac Bank. Corp. | 10 |
| Banque Belge Ltd | 10 | HFC Trust & Savings | 10 | Whiteaway Laidlaw | 10½ |
| Barclays Bank | 10 | ● Hambros Bank | 10 | Yorkshire Bank | 10 |
| Benchmark Tst Ltd | 10 | Heritable & Gen. Tst | 10 | | |
| Beneficial Trust Ltd | 11 | ● Hill Samuel | §10 | | |
| Berliner Bank AG | 10 | C. Hoare & Co. | 10 | | |
| Brit Bk of Mid East | 10 | Hongkong & Shangh. | 10 | | |
| ● Brown Shipley | 10 | Lloyds Bank | 10 | | |
| Business Mtge Tst | 10 | Meghraj & Sons Ltd | 10 | | |
| CL Bank Nederland | 10 | Midland Bank | 10 | | |
| Canada Permanent | 10 | ● Morgan Grenfell | 10 | | |
| Cayzer Ltd | 10 | Mount Credit Corp. Ltd | 10 | | |

● Members of the Accepting Houses Committee. * 7-day deposits 5%. Savewise 7.46%. Top Tier—£2,500+ at 3 months' notice 9.31%. At call when £10,000+ remains deposited. ¶ Mortgage base rate. § Demand deposit 4.98%. Mortgage 10.5%.

## TRADING VOLUME IN MAJOR STOCKS

The following is based on trading volume for Alpha securities dealt through the SEAQ system yesterday until 5 pm.

| Stock | Volume 000's | Closing price | Day's change | Stock | Volume 000's | Closing price | Day's change |
|---|---|---|---|---|---|---|---|
| ASDA-MFI | 1,200 | 184 | — | Ladbroke | 1,100 | 452 | +5 |
| Allied Lyons | 1,100 | 416 | +2 | Land Securities | 2,400 | 584 | +18 |
| Amstrad | 3,500 | 170 | +3 | Legal & Gen. | 1,400 | 319 | +4 |
| Argyll Group | 453 | 414 | +3 | Lloyds Bank | 1,300 | 343 | −10 |
| Assoc. Brit. Foods | 567 | 361 | +1 | Lonrho | 1,500 | 308 | +2½ |
| BAT | 3,200 | 668 | +13 | Lucas | 553 | 733 | +4 |
| BET | 436 | 268 | +2 | MEPC | 1,000 | 563 | +17 |
| BICC | 1,100 | 415 | −5 | Marks & Spencer | 4,800 | 227 | +1 |
| BOC | 479 | 539 | +2 | Midland Bank | 7,900 | 494 | — |
| BPB Inds | 3,400 | 348 | −6 | Natwest Bank | 994 | 713 | +1 |
| BPCC | 3,600 | 365 | +7 | Next | 828 | 345 | — |
| BTR | 2,700 | 350 | −3 | Pearson | 222 | 781 | −1 |
| Barclays | 978 | 574 | −1 | P & O | 772 | 683 | +2 |
| Bass | 999 | 973 | −1 | Pilkington Bros | 3,500 | 292 | −3 |
| Beecham | 3,100 | 547 | +11 | Plessey | 13,000 | 195½ | +6½ |
| Blue Circle | 872 | 452 | −1 | Prudential | 118 | 998 | +1 |
| Boots | 2,000 | 304 | +3 | Racal | 1,400 | 296 | — |
| Brit. Airways | 5,100 | 194 | −2 | Rank Org. | 495 | 673 | −2 |
| Brit. Aero | 552 | 496 | +1 | RHM | 541 | 325 | — |
| Brit. & Comm. | 226 | 484 | −1 | Reckitt & Col | 43 | £11⅛ | — |
| British Gas | 5,600 | 169 | +0½ | Redland | 4,500 | 498 | −12 |
| Britoil | 2,700 | 318 | — | Reed Intl. | 2,200 | 539 | +10 |
| BP | 6,400 | 361½ | −0½ | Reuters | 375 | 871 | −3 |
| Brit. Telecom | 14,000 | 261 | −1 | RMC | 150 | 472 | −6 |
| Bunzl | 760 | 228 | −2 | RTZ | 1,200 | £13 | +0⅛ |
| Burton | 2,800 | 293 | −1 | Rolls-Royce | 19,000 | 112½ | +4½ |
| Cable & Wire | 17,000 | 455 | −4 | Rowntree | 1,100 | 544 | −6 |
| Cadbury Schwps | 2,100 | 272 | — | Ryl Bank Scotland | 379 | 390 | −4 |
| Coats Viyella | 813 | 371 | −2 | Royal Insurance | 3,100 | 539 | −14 |
| Comm. Union | 2,400 | 366 | −2 | STC | 4,500 | 301 | +7 |
| Cons. Gold | 1,600 | £14⅝ | −0⅛ | Saatchi & Saatchi | 561 | 654 | −2 |
| Cookson | 264 | 804 | — | Sainsbury | 588 | 270 | −2 |
| Courtaulds | 436 | 488 | — | Scott & Newcastle | 1,000 | 246 | — |
| Dee Corpn | 5,900 | 215 | −2 | Sears | 5,400 | 168 | +4 |
| Dixons Group | 789 | 361 | +2 | Sedgwick | 1,800 | 291 | +1 |
| English China Clays | 1,300 | 488 | +8 | Shell Trans | 3,100 | £13⅝ | +0⅛ |
| Fisons | 1,200 | 356 | −1 | Smith & Nephew | 2,600 | 170 | +3½ |
| Gen. Accident | 151 | £10⅞ | — | Standard Chart | 385 | 808 | +7 |
| Gen. Elect | 7,400 | 211 | +1 | Storehouse | 12,000 | 375 | +8 |
| Glaxo | 1,600 | £16⅝ | +0⅛ | Sun Alliance | 136 | £10⅝ | — |
| Globe Investment | 51 | 178 | +0½ | TSB | 9,600 | 145 | +5½ |
| Granada | 821 | 336 | +5 | Tarmac | 3,300 | 294 | −1 |
| Grand Met | 3,000 | 537 | +3 | Tesco | 848 | 194 | +1 |
| GUS "A" | 526 | £13⅛ | +0⅛ | Thorn EMI | 1,300 | 653 | −5 |
| Guardian R.E. | 34 | £10⅛ | — | Trafalgar House | 3,500 | 369 | +4 |
| GKN | 1,300 | 379 | −3 | T'house Forte | 1,800 | 252 | +2 |
| Guinness | 4,600 | 368 | +3 | Ultramar | 3,800 | 281 | −6 |
| Hammerson | 765 | 688 | +18 | Unigate | 2,900 | 362 | −8 |
| Hanson Trust | 5,000 | 183½ | — | Unilever | 850 | 633 | +11 |
| Hawker Sidd. | 68 | 572 | — | United Biscuits | 1,700 | 318 | −1 |
| Hillsdown Hldgs | 1,000 | 315 | −1 | Wellcome | 4,300 | 486 | +24 |
| ICI | 842 | £15⅛ | −0⅛ | Whitbread "A" | 1,300 | 335 | −6 |
| Jaguar | 1,100 | 546 | — | Woolworth | 2,100 | 355 | +1 |

## LEADERS AND LAGGARDS

*Percentage changes since December 31 1986 based on Thursday September 10 1987*

| | | | |
|---|---|---|---|
| Mining Finance | +96.82 | All-Share Index | +37.89 |
| Publishing and Printing | +68.67 | Building Materials | +37.28 |
| Metals and Metal Forming | +59.83 | Other Groups | +37.15 |
| Property | +57.71 | Industrial Group | +36.91 |
| Overseas Traders | +55.25 | Capital Goods | +36.89 |
| Textiles | +55.07 | Consumer Group | +36.73 |
| Agencies | +52.45 | Packaging and Paper | +36.08 |
| Gold Mines Index | +50.54 | Food Manufacturing | +35.56 |
| Health and H'sehold Products | +49.70 | Financial Group | +33.49 |
| Contracting, Construction | +46.03 | Mechanical Engineering | +30.91 |
| Oils and Gas | +45.77 | Investment Trusts | +30.52 |
| Chemicals | +44.73 | Electronics | +29.48 |
| Shipping and Transport | +42.96 | Conglomerates | +27.86 |
| Other Industrial Materials | +41.53 | Food Retailing | +27.80 |
| Motors | +40.33 | Stores | +26.94 |
| Leisure | +40.07 | Insurance (Life) | +26.75 |
| Merchant Banks | +39.51 | Brewers and Distillers | +25.16 |
| Electricals | +38.86 | Telephone Networks | +25.00 |
| Insurance (Composite) | +38.21 | Banks | +18.82 |
| 500 Share Index | +38.17 | Insurance Brokers | + 7.58 |

## RISES AND FALLS

| | Yesterday Rises | Yesterday Falls | Yesterday Same | On Friday Rises | On Friday Falls | On Friday Same |
|---|---|---|---|---|---|---|
| British Funds | 62 | 28 | 22 | 248 | 227 | 86 |
| Corporations, Dom. and Foreign Bonds | 15 | 8 | 31 | 62 | 39 | 172 |
| Industrials | 415 | 557 | 612 | 1,950 | 2,643 | 3,319 |
| Financial and Props. | 155 | 146 | 311 | 695 | 752 | 1,601 |
| Oils | 37 | 29 | 48 | 129 | 191 | 252 |
| Plantations | 2 | 1 | 11 | 12 | 7 | 51 |
| Mines | 63 | 38 | 89 | 241 | 259 | 450 |
| Others | 89 | 74 | 62 | 300 | 427 | 428 |
| Totals | 838 | 881 | 1,186 | 3,637 | 4,545 | 6,359 |

## BANK RETURN

| BANKING DEPARTMENT | Wednesday September 9, 1987 | Increase (+) or decrease (−) for week |
|---|---|---|
| LIABILITIES | £ | £ |
| Capital | 14,553,000 | — |
| Public Deposits | 92,274,252,406 | − 4,945,203 |
| Bankers Deposits | 1,025,622,406 | − 111,276,808 |
| Reserve and other Accounts | 1,977,344,928 | + 175,531,022 |
| | 3,109,794,586 | + 59,309,011 |
| ASSETS | | |
| Government Securities | 1,482,601,049 | + 728,470,000 |
| Advance and other Accounts | 805,874,509 | − 571,692,282 |
| Premises Equipment & other Secs | 816,901,318 | − 93,967,490 |
| Notes | 4,134,331 | − 3,525,987 |
| Coin | 283,379 | + 24,770 |
| | 3,109,794,586 | + 59,309,011 |
| **ISSUE DEPARTMENT** | | |
| LIABILITIES | £ | £ |
| Notes in Circulation | 13,265,865,669 | − 226,474,013 |
| Notes in Banking Department | 4,134,331 | − 3,525,987 |
| | 13,270,000,000 | − 230,000,000 |
| ASSETS | | |
| Government Debt | 11,015,100 | — |
| Other Government Securities | 8,264,800,908 | + 185,269,899 |
| Other Securities | 4,994,183,992 | − 415,269,899 |
| | 13,270,000,000 | − 230,000,000 |







## FT UNIT TRUST INFORMATION SERVICE

### AUTHORISED UNIT TRUSTS

[illegible]

# FT UNIT TRUST INFORMATION SERVICE

**Mercury Fund Managers Ltd (c)**
33 King William St, EC4R 9AS 01-280 2860

| | | | | |
|---|---|---|---|---|
| American Growth | 112.3 | 118.8 | +1.8 | 1.33 |
| (Accum Units) | 117.7 | 124.5 | +1.9 | 1.33 |
| American Income | 51.4 | 54.3 | +0.2 | 4.60 |
| (Accum Units) | 55.9 | 59.1 | +0.2 | 4.60 |
| American Sm Cos Fd | 50.2 | 53.1 | -0.3 | 0.46 |
| (Accum Units) | 50.2 | 53.1 | +0.3 | 0.46 |
| British Blue Chip Fund | 51.9 | 54.9 | -0.2 | 2.30 |
| (Accum Units) | 51.9 | 54.9 | -0.2 | 2.30 |
| European Growth | 150.1 | 167.2 | +0.9 | 1.48 |
| (Accum Units) | 165.0 | 174.6 | +0.9 | 1.48 |
| European Income | 85.2 | 90.1 | +0.2 | 3.35 |
| (Accum Units) | 89.5 | 94.7 | +0.2 | 3.35 |
| Exempt | 352.8 | 368.0 | +9.9 | 2.36 |
| (Accum Units) | 567.5 | 582.0 | +15.7 | 2.36 |
| General | 379.4 | 401.4 | -0.9 | 1.24 |
| (Accum Units) | 634.0 | 670.9 | -1.4 | 1.24 |
| Gilt | 87.0 | 87.4 | +0.4 | 7.77 |
| (Accum Units) | 103.4 | 109.9 | +0.4 | 7.77 |
| Global Fund | 51.5 | 54.4 | +0.5 | 0.66 |
| (Accum Units) | 51.5 | 54.4 | +0.5 | 0.66 |
| High Income Fund | 53.6 | 56.7 | -0.1 | 4.62 |
| (Accum Units) | 54.5 | 57.6 | -0.1 | 4.62 |
| High Interest Fund | 43.0 | 45.5 | +0.3 | 9.97 |
| (Accum Units) | 43.4 | 45.9 | +0.0 | 9.87 |
| Income | 136.4 | 153.7 | -0.6 | 2.40 |
| (Accum Units) | 143.9 | 154.3 | -0.7 | 2.40 |
| International | 307.6 | 325.5 | +2.6 | 1.90 |
| (Accum Units) | 304.9 | 407.3 | +3.2 | 1.90 |
| Japan | 205.5 | 217.4 | +0.6 | 0.56 |
| (Accum Units) | 210.9 | 223.1 | +0.5 | 0.56 |
| Pacific Fund | 59.7 | 63.1 | +0.3 | 0.10 |
| (Accum Units) | 59.7 | 63.2 | +0.3 | 0.10 |
| Recovery | 320.3 | 338.9 | -2.5 | 1.41 |
| (Accum Units) | 348.3 | 368.5 | -2.7 | 1.41 |
| UK Smaller Co's Fund | 55.9 | 59.1 | +0.0 | 1.67 |
| (Accum Units) | 56.4 | 59.6 | +0.0 | 1.67 |

**Merlin Fund Mngmnt Ltd**
30 St James St, London SW1A 1HB 01-925 1277

| | | | | |
|---|---|---|---|---|
| Merlin Sept 8 | 627.5 | 635.5 | | 1.06 |

**Metropolitan Unit Trust Mngrs Ltd**
3 Darkes Lane, Potters Bar EN6 1AJ, 0707 45184

| | | | | |
|---|---|---|---|---|
| UK Income Fund | 63.5 | 67.3 | +1.5 | 4.46 |
| Accum Units | 64.0 | 68.0 | +1.5 | 4.41 |

[illegible]

**Provident Mutual Unit Trust Managers Ltd.**
25-31 Moorgate, London, EC2R 6BA 01-588 3963

| | | | | |
|---|---|---|---|---|
| PM Equity Growth | 119.8 | 127.5 | -0.4 | 3.01 |
| PM Income and Growth | 104.2 | 110.9 | -0.1 | 2.98 |
| PM N American Growth | 57.7 | 61.3 | +0.5 | 0.34 |
| PM European Growth | 52.4 | 55.9 | -0.1 | 0.55 |
| PM Japan Growth | 71.3 | 75.8 | +0.1 | 0.36 |
| PM Overseas Growth | 56.6 | 60.2 | +0.7 | 0.45 |

**Prudential Unit Trust Mngrs Ltd (a) (b) (c)**
51-59 Ilford Hill, Ilford, Essex IG1 2DL 01-478 3377
Holborn LinkLine 0800 010345

| | | | | |
|---|---|---|---|---|
| Holborn Comm Tst | 83.4 | 88.4 | +0.2 | 0.35 |
| Holborn Equity Income | 71.7 | 77.9 | +0.3 | 3.37 |
| Holborn Equity Tst | 595.0 | 630.0 | -0.5 | 2.14 |
| Holborn European Tst | 125.9 | 133.7 | +0.3 | 0.62 |
| Holborn Gilt Tst | 208.6 | 215.5 | +0.7 | 2.21 |
| Holborn High-Inc Tst | 89.1 | 94.2 | -0.3 | 4.57 |
| Holborn Intl Grth Tst | 124.8 | 132.0 | +1.0 | .467 |
| Holborn Intl Sm Cos | — | 50.0 | | 0.05 |
| Holborn Japanese Tst | 136.4 | 144.3 | +0.3 | .044 |
| Holborn N Amer Tst | 95.0 | 100.5 | +0.8 | .480 |
| Holborn Sm Cos Tst | 80.9 | 85.6 | -0.1 | 1.36 |
| Holborn Spec Sits Tst | 105.7 | 111.8 | -0.3 | 1.32 |
| Holborn UK Growth Tst | 117.3 | 124.1 | -0.3 | 1.51 |

**Quilter Management Co Ltd**
31-45 Gresham Street, London EC2 01-600 4177

| | | | | |
|---|---|---|---|---|
| Quadrant Gen. Fd | 670.8 | 704.8 | -5.3 | 1.38 |
| Quadrant Income | 334.5 | 353.8 | -0.7 | 5.77 |
| Quadrant Intl. Fund | 457.6 | 484.3 | -8.1 | 1.09 |
| Quadrant Spec. Sits | 461.5 | 488.4 | -6.9 | 1.35 |

**Reliance Unit Mgrs. Ltd**
Reliance House, Tunbridge Wells, Kent 0892 510033

| | | | | |
|---|---|---|---|---|
| British Life | 246.3 | 261.8 | +1.8 | 2.30 |
| Reliance Unit Tst (Inc) | 170.5 | 181.1 | | 1.45 |
| Reliance Ut Tst (Acc) | 229.2 | 243.5 | -0.1 | 1.45 |

**Rensburg Fund Managers**
Silkhouse Ct., Tithebarn St., Liverpool. 051-227 2030

| | | | | |
|---|---|---|---|---|
| Internl. Growth Trust | 51.0 | 53.7 | +0.5 | 1.5 |

**N.M. Rothschild Fund Mngmt**

[illegible]

# INSURANCES

[illegible]

Continued on next page

# FT UNIT TRUST INFORMATION SERVICE

**Manufacturers Life Insurance—Contd.**

| | | | | |
|---|---|---|---|---|
| Gilt-Edged Int | 224.8 | | | — |
| Do. Accum | 276.7 | | | — |
| Guaranteed Int. | 158.9 | | | — |
| Do. Accum | 195.6 | | | — |
| International Int | 512.5 | | | — |
| Do. Accum | 630.2 | | | — |
| Index Lk. Gilt Int | 134.1 | | | — |
| Do. Accum | 165.0 | | | — |

**Merchant Investors Assurance**
Leon House, 233 High St, Croydon 01-686 9171

| | | | | |
|---|---|---|---|---|
| Property | 319.4 | | +0.2 | — |
| Property Pens. | 428.5 | | +0.4 | — |
| Equity | 197.0 | | +0.3 | — |
| Equity Pens. | 891.3 | | +2.6 | — |
| Money Market | 295.1 | | +1.6 | — |
| Money Mkt. Pens. | 531.2 | | +2.9 | — |
| Deposit | 258.9 | | +0.0 | — |
| Deposit Pens. | 382.0 | | +0.0 | — |
| Managed | 277.3 | | +0.3 | — |
| Managed Pens. | 573.7 | | +0.9 | — |
| Intl. Equity | 355.1 | | +0.9 | — |
| Do. Pens. | 577.1 | | +2.6 | — |
| Intl. Managed | 325.3 | | +0.6 | — |
| Do. Pens. | 485.0 | | +1.7 | — |
| North American | 134.1 | | +0.2 | — |
| Do. Pens. | 154.6 | | +1.2 | — |
| Far East | 395.4 | | +0.5 | — |
| Do. Pens. | 435.7 | | +1.0 | — |
| Intnl. Currency | 169.0 | | +0.0 | — |
| Do. Pens. | 217.9 | | +0.0 | — |
| Index Linked | 127.2 | | +0.6 | — |
| S & C Managed Fd | 142.5 | | -1.2 | — |
| S & C Pens Mngd Fd | 115.8 | | -0.3 | — |
| Bell Chambers | 129.5 | | +0.1 | — |
| Loran & Loran | 117.6 | | +0.3 | — |
| **Trustlink Life Funds** | | | | |
| Per Worldwide Rec. | 169.4 | | +1.1 | — |
| Per Far East Growth | 220.7 | | +0.0 | — |
| Per Intl Growth | 163.6 | | +0.2 | — |
| Per Income | 176.4 | | -0.1 | — |
| Per Emerging Co's | 165.3 | | +0.2 | — |
| Per American Growth | 146.5 | | +0.8 | — |
| Per European Growth | 137.1 | | +1.3 | — |
| Fra American & Gen | 124.8 | | +1.5 | — |
| Fra Capital | 182.7 | | +0.4 | — |
| Fra Income | 198.2 | | +0.2 | — |
| Fra Intl Growth | 136.8 | | +0.7 | — |
| Fra Japan & Gen | 182.2 | | +0.1 | — |
| Fra Recovery | 197.5 | | +0.7 | — |

**Norwich Union Asset Management Ltd**
PO Box 124, Norwich NR1 3JS 0603 683986

| | | | | |
|---|---|---|---|---|
| **NUAM Funds** | | | | |
| Managed Fund | 57.2 | 60.3 | — | — |
| Stock Market Mngd Fund | 59.0 | 62.2 | — | — |
| Equity Fund | 63.6 | 67.0 | -0.2 | — |
| International Fund | 55.7 | 58.7 | +0.3 | — |
| European Fund | 59.4 | 62.6 | -0.1 | — |
| North American Fund | 50.7 | 53.4 | +0.2 | — |
| Pacific Fund | 64.6 | 68.0 | +0.6 | — |
| Property Fund | 52.1 | 54.9 | — | — |
| Fixed Interest Funds | 47.9 | 50.5 | +0.1 | — |
| Index linked Sec Fund | 45.4 | 47.8 | +0.2 | — |
| Deposit Fund | 51.3 | 54.0 | — | — |
| **NUAM Retirement Plans** | | | | |
| Mixed Fund | 61.2 | 64.5 | — | — |
| UK Ordinary Share | 72.9 | 76.8 | +0.2 | — |
| International Fund | 57.3 | 60.4 | -0.5 | — |
| Property Fund | 52.2 | 55.0 | +0.1 | — |
| Fixed Interest Fund | 49.5 | 52.2 | +0.2 | — |
| Index Linked Sec Fund | 45.6 | 48.0 | — | — |
| Deposit Fund | 53.3 | 56.2 | — | — |
| **NUAM (MF)** | | | | |
| Managed Fund | 786.2 | 827.6 | -4.3 | — |
| Equity Fund | 1696.1 | 1785.4 | -6.8 | — |
| Property Fund | 324.5 | 341.6 | — | — |
| Fixed Interest Fund | 353.5 | 372.2 | +1.1 | — |
| Deposit Fund | 209.2 | 220.3 | +0.1 | — |
| International Fund | 144.6 | 152.3 | +0.9 | — |
| Index Linked Sec Fund | 45.4 | 47.8 | +0.2 | — |

**Norwich Union Life Insurance Soc.**
PO Box 4, Norwich NR1 3NG 0603 622200

| | | | | |
|---|---|---|---|---|
| **Pensionvestor* & Unit-Linked Plan*** | | | | |
| Fixed Interest Fund | 249.2 | 262.3 | — | — |
| Index-Linked Sec Fund | 129.3 | 136.1 | — | — |
| Ordinary Share Fund | 533.3 | 561.3 | — | — |
| International Fund | 147.2 | 154.9 | — | — |
| Property Fund | 162.6 | 171.1 | — | — |
| Deposit Fund | 167.1 | 175.8 | — | — |
| Mixed Fund | 342.2 | 360.2 | — | — |
| Norwich Units Aug 15 | 1036.5 | | | |

*Prices as at June 30.

**Pearl Assurance (Unit Funds) Ltd**
252 High Holborn, London WC1V 7EB 01-405 8441

| | | | | |
|---|---|---|---|---|
| Prop. Dist. (Gross) (z) | 155.0 | 163.2 | — | — |
| Prop. Acc. (Gross) (z) | 242.8 | 255.6 | — | — |
| Equity (Gross) (z) | 777.6 | 818.6 | +1.6 | — |

## OFFSHORE AND OVERSEAS

## MANAGEMENT SERVICES

# FT UNIT TRUST INFORMATION SERVICE

# LONDON SHARE SERVICE

## BRITISH FUNDS

| 1987 High | 1987 Low | Stock | Price £ | + or – | Yield Int. | Yield Red. |
|---|---|---|---|---|---|---|
| | | **"Shorts" (Lives up to Five Years)** | | | | |
| 101⅞ | 100⅜ | Treas. 12pc 1987 | 100¼ | ..... | 11.98 | 10.04 |
| 99⅝ | 97⅞ | Treas 7¼pc 1985-88‡‡ | 99⅛ | ..... | 7.80 | 9.24 |
| 102¼ | 99⅝ | Exch 10½pc '88 | 100⅛ | ..... | 10.49 | 10.31 |
| 101⅝ | 98⅝ | Treas 9¾pc Cv '88 | 99½ | +⅛ | 9.79 | 10.29 |
| 97⅛ | 93⅞ | Transport 3pc '78-88 | 96¾ | ..... | 3.10 | 7.12 |
| 101⅜ | 98¼ | Treas. 9½pc '88 | 99 | +⅛ | 9.59 | 10.35 |
| 105⅝ | 101⅛ | Treas 11½pc 1989 | 101⅞ | +⅛ | 11.34 | 10.34 |
| 102⅛ | 97⅝ | Treas 9½pc Cnv 1989 | 98⅛xd | +⅛ | 9.61 | 10.34 |
| 94⅝ | 89¾ | Treas 3pc 1989 | 93⅛ | +⅛ | 3.22 | 7.41 |
| 104½ | 99⅞ | Treas 10½pc 1989 | 100⅛ | +⅛ | 10.49 | 10.38 |
| 103⅞ | 98⅝ | Exch 10pc 1989 | 99⅛ | +⅛ | 10.07 | 10.36 |
| 105¾ | 100⅛ | Exch 11pc 1989 | 101⅛xd | +⅛ | 10.87 | 10.35 |
| 95⅝ | 89⅞ | Treas 5pc 1986-89 | 93⅛xd | –⅛ | 5.37 | 8.66 |
| 108⅛ | 99⅝ | Exch 10¼pcCv '89 | 100⅛ | +⅛ | 10.22 | 10.02 |
| 111⅛ | 105 | Treas 13pc 1990‡‡ | 105⅛ | +⅛ | 12.35 | 10.35 |
| 106½ | 100⅛ | Exch 11pc 1990‡‡ | 101⅛ | +⅛ | 10.87 | 10.41 |
| 110⅞ | 104¼ | Exch. 12½pc 1990 | 104⅝xd | +⅛ | 11.97 | 10.47 |
| 91⅝ | 84⅞ | Treas. 3pc 1990 | 88⅝ | –⅛ | 3.39 | 7.85 |
| 100⅛ | 93⅝ | Treas 8¼pc 1987-90‡‡ | 95⅞ | ..... | 8.64 | 10.14 |
| 105 | 97½ | Treas. 10pcCv 1990 | 98⅝ | +⅛ | 10.14 | 10.50 |
| 89⅝ | 81⅛ | Exch 2½pc 1990 | 85⅝ | –⅛ | 2.91 | 7.52 |
| 110½ | 102⅝ | Treas 11¾pc 1991 | 103⅝ | +⅛ | 11.35 | 10.43 |
| 95⅛ | 87¾ | Funding 5¾pc '87-91‡‡ | 89⅝xd | +⅛ | 6.43 | 9.30 |
| 89⅛ | 80¾ | Treas. 3pc 1991 | 84⅛ | –⅛ | 3.55 | 7.90 |
| 110½ | 99 | Treas 10pc Cv '91 ‡‡ | 99⅝ | +⅛ | 10.03 | 10.08 |
| 109⅝ | 101½ | Exch. 11pc 1991 | 101⅝ | +⅛ | 10.80 | 10.42 |
| 96⅛ | 91⅝ | Treas. 8pc 1991● | 92⅛ | +⅛ | | |
| 116⅛ | 107½ | Treas 12¾pc 1992‡‡ | 108⅛ | +⅛ | 11.82 | 10.42 |
| 106⅛ | 97⅝ | Treas. 10pc 1992 | 98⅝ | +⅛ | 10.13 | 10.35 |
| 99⅛ | 90⅝ | Treas. 8pc 1992 ‡‡ | 91⅝xd | +⅛ | 8.78 | 10.45 |
| 108⅝ | 99¾ | Treas 10½pc Cv 1992‡‡ | 100⅝ | +⅛ | 10.47 | 10.40 |
| 85⅝ | 79½ | Treas. 3pc 1992 | 79⅝ | ..... | 3.74 | 8.03 |
| 115⅞ | 106⅛ | Exch. 12¼pc '92 | 106⅞ | +⅛ | 11.48 | 10.46 |
| | | **Five to Fifteen Years** | | | | |
| 121⅛ | 110⅝ | Exch 13½pc 1992 | 111⅛ | +⅛ | 12.11 | 10.49 |
| 107⅛ | 97⅝ | Treas 10pc 1993‡‡ | 98⅛xd | +⅛ | 10.16 | 10.36 |
| 118⅛ | 108⅛ | Treas 12½pc 1993‡‡ | 108⅝ | +⅛ | 11.51 | 10.48 |
| 95⅛ | 82¼ | Funding 6pc 1993‡‡ | 86⅛xd | +⅛ | 6.97 | 9.05 |
| 125⅛ | 113⅝ | Treas 13¾pc 1993‡‡ | 114⅛ | +⅛ | 12.04 | 10.53 |
| 129⅝ | 118⅛ | Treas 14½pc 1994‡‡ | 118⅞ | +⅛ | 12.21 | 10.44 |
| 124⅝ | 113⅛ | Exch 13½pc 1994 | 113⅝ | +⅛ | 11.89 | 10.59 |

## BRITISH FUNDS—Contd

### Index-Linked

## INT. BANK AND O'SEAS GOVT STERLING ISSUES

## CORPORATION LOANS

## COMMONWEALTH & AFRICAN LOANS

## LOANS

### Building Societies

### Public Board and Ind.

### Financial

### Undated

## FOREIGN BONDS & RAILS

## AMERICANS

Continued on next page

## Money Market Bank Accounts

## Money Market Trust Funds

### UNIT TRUST NOTES

## AMERICANS—Continued

| 1987 High | Low | Stock | Price £ | + or – | Div Gross | C'vr | Y'ld Gr's |
|---|---|---|---|---|---|---|---|
| 30 3/16 | 22 7/8 | Sara Lee $1 | 28 1/4xd | +1/8 | $1.00 | — | 2.3 |
| 11 5/16 | 8 7/8 | Saul (B. F.) $1 | 11 1/16xd | −1/16 | 20c | — | 1.1 |
| 26 3/8 | 19 7/8 | Southwestern Bell $1 | 23 1/4 | −1/8 | h$2.32 | — | 6.1 |
| 19 | 14 1/4 | Staley Contiental | 18 | −1/8 | 80c | — | 2.7 |
| 44 3/16 | 35 1/8 | Sun Co. Inc. $1 | 35 13/16 | +1/8 | $3.00 | — | 5.1 |
| 42 1/4 | 28 1/2 | TRW Inc. $0.625 | 37 1/2 | +13/16 | h$1.60 | — | — |
| 34 7/8 | 25 7/8 | Tenneco $5 | 33 5/8 | +1 1/16 | $3.04 | — | 5.6 |
| 202 1/2 | 149 1/2 | Do. 10pcLn.Stk. 91-5 | 202 1/2xd | — | 10% | — | 5.0 |
| 29 3/8 | 17 9/16 | Texaco $6.25 | 24 1/2xd | +1/8 | $3.00 | — | 7.5 |
| 74 3/16 | 47 7/8 | Time Inc. $1 | 64 7/16xd | +1 1/4 | $1.00 | — | 1.0 |
| 15 1/4 | 11 | Tracor $0.33 | 13 7/8 | — | 40c | — | 1.8 |
| 30 1/4 | 18 7/8 | Transamerica $1 | 26 1/8 | +1/2 | $1.76 | — | 4.1 |
| 19 1/2 | 922p | Transworld Corp $5 | 19 1/2 | +7 1/2 | 20c | — | 0.6 |
| 49 1/2 | 29 3/4 | TRINOVA Corp. | 45 | — | h$1.00 | — | 1.4 |
| 24 5/16 | 15 3/16 | USX $1 | 21 9/16 | +1/2 | $1.20 | — | 3.4 |
| 19 3/4 | 15 1/16 | Union Carbide $1 | 17 1/16 | +1 1/16 | $1.50 | — | 5.4 |
| 37 7/8 | 26 7/8 | Utd. Technologies | 33 7/16xd | +1/16 | $1.40 | — | 2.6 |
| 38 3/4 | 27 | US West | 33 | −1/4 | $3.28 | — | 6.1 |
| 30 1/2 | 17 1/8 | Waste Management $1 | 27 1/2 | +3/8 | — | — | — |
| £31 1/8 | £20 1/2 | Whirpool $1.0 | £22 7/8 | +1/2 | — | — | — |
| 37 1/8 | 26 | Woolworth $3 1/2 | 30 1/16 | −1/8 | $1.32 | — | 2.7 |

## CANADIANS

| 1987 High | Low | Stock | Price £ | + or – | Div Gross | C'vr | Y'ld Gr's |
|---|---|---|---|---|---|---|---|
| 671p | 373p | ABM Gold Corp | 389p | +10 | — | — | — |
| 21 1/2p | 10p | Abbot Energy Corp. | 20 1/2xd | — | — | — | — |
| 15 1/4 | 50bp | Amer. Barrick Res. | 14 1/2xd | +1/8 | — | — | — |
| 122p | 52p | Armeno | 75p | +2 | — | — | — |
| 19 1/4 | 14 5/8 | Bk. Montreal | 14 1/4 | — | $2.00 | — | 6.2 |
| 10 1/2 | 745p | Bk. Nova Scot. | 773p | −2 | 72c | — | 4.3 |
| 20 3/4 | 18 | BCE | 18 1/4 | — | $2.40 | — | 6.1 |
| 10 1/4 | 712p | Bow Valley | 836p | −2 | 40c | — | — |
| 20 | 12 7/8 | Brascan | 17 1/4 | +1/4 | 80c | — | 2.3 |

## BANKS, HP & LEASING

### Hire Purchase, Leasing, etc.

## BEERS, WINES & SPIRITS

## BUILDING, TIMBER, ROADS

## BUILDING, TIMBER, ROADS—Cont

## CHEMICALS, PLASTICS

## DRAPERY AND STORES

## DRAPERY AND STORES—Cont.

## ELECTRICALS

## ENGINEERING

## ENGINEERING—Continued

## FOOD, GROCERIES, ETC

## HOTELS AND CATERERS

## INDUSTRIALS (Miscel.)

## INDUSTRIALS—Continued

## INDUSTRIALS—Continued

## INSURANCES

# LONDON SHARE SERVICE

## INSURANCES—Continued

[illegible]

## LEISURE

[illegible]

## MOTORS

### Motors and Cycles

[illegible]

### Commercial Vehicles

[illegible]

### Components

[illegible]

### Garages and Distributors

[illegible]

## NEWSPAPERS, PUBLISHERS

[illegible]

## PAPER, PRINTING, ADVERTISING

[illegible]

## PAPER, PRINTING—Continued

[illegible]

## PROPERTY

[illegible]

## SHIPPING

[illegible]

## SHOES AND LEATHER

[illegible]

## SOUTH AFRICANS

[illegible]

## TEXTILES

[illegible]

## TEXTILES—Cont.

[illegible]

## TOBACCOS

[illegible]

## TRUSTS, FINANCE, LAND

### Investment Trusts

[illegible]

## FINANCE, LAND—Cont.

[illegible]

### Finance, Land, etc

[illegible]

## OIL AND GAS

[illegible]

## OIL AND GAS—Continued

[illegible]

## OVERSEAS TRADERS

[illegible]

## PLANTATIONS

### Rubbers, Palm Oil

[illegible]

### Teas

[illegible]

## MINES

### Central Rand

[illegible]

### Eastern Rand

[illegible]

### Far West Rand

[illegible]

### O.F.S.

[illegible]

### Diamond and Platinum

[illegible]

### Central African

[illegible]

### Finance

[illegible]

### Australians

[illegible]

## MINES—Continued

[illegible]

### Tins

[illegible]

### Miscellaneous

[illegible]

## THIRD MARKET

| High | Low | Stock | Price | + or – | Div Net | C'vr | Gr's | P/E |
|---|---|---|---|---|---|---|---|---|
| [illegible] | | | | | | | | |
| 151 | 47 | Corton Beach 10p | 126 | ...... | 0.4 | ♦ | 0.4 | ♦ |
| 200 | 190 | Crown Eyeglass 5p | 175 | ...... | — | — | — | — |
| *62 | 18 | Eglinton Oil Ir.5p | 24 | –2 | — | — | — | — |
| 41 | 16 | Do. Warrants | 17 | –1 | — | — | — | — |
| 186 | 101 | Far East Res. 10p | 128 | ...... | — | — | — | — |
| 88 | 55 | Gardner (J.) 5p | 83 | –3 | R1.25 | 2.3 | 2.1 | 28.7 |
| 39 | 29 | Honorbilt Group 5p | 37 | ...... | — | — | — | 31.1 |
| 126 | 115 | Leading Leisure 5p | 115 | –1 | 0.9 | 3.1 | 1.1 | 33.2 |
| 87 | 68 | Lynx Tech. 5p | 73 | ...... | b— | — | — | 8.4 |
| 82 | 17 | Publishing Hldgs.5p | 68 | –5 | — | — | — | 34.8 |
| 87 | 45½ | Theme Holdings | 72 | +5 | 1.0 | 1.9 | 1.9 | 38.6 |
| 159 | 140 | UPL Group 10p | 155 | –4 | L2.41 | 2.8 | 2.1 | — |
| 140 | 111 | Unit Group | 140¢ | ...... | R4.6 | 2.5 | 4.5 | 00.8 |

## NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 27 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock".
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ♦ Figures or report awaited.
- ♥ Not officially UK listed; dealings permitted under Rule 535(4)(a).
- ♣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 535(3).
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ♠ Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ‖ No par value.

B.Fr. Belgian Francs. Fr. French Francs. ¶¶ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1986-87. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1986. K Dividend and yield based on prospectus or other official estimates for 1987-88. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1985-86. N Dividend and yield based on prospectus or other official estimates for 1987. P Figures based on prospectus or other official estimates for 1987. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xl ex capital distribution.

## REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

| Stock | Price | + or – | Stock | Price | + or – |
|---|---|---|---|---|---|
| Albany Inv 20p | 96 | ...... | Fin. 13% 97/02 | £103⅝ | ...... |
| Craig & Rose £1 | 723 | +13 | Arnotts | 400 | ...... |
| Finlay Pkg. 5p | 110 | –2 | CPI Hldgs | 89 | ...... |
| Holt (Jos) 25p | £10⅛ | –⅛ | Carrol Inds. | 190 | +1 |
| Idd Stm. £1 | 173 | ...... | Dublin Gas | 40# | ...... |
| | | | Hall (R. & H.) | 135 | –2 |
| IRISH | | | Heiton Hldgs. | 56xd | +1 |
| Fund 11¾% 1988 | £100¾ | ...... | Irish Ropes | 205 | ...... |
| Nat. 9¾% 84/89 | £97½ | ...... | Unidare | 420xd | ...... |

## TRADITIONAL OPTIONS

### 3-month call rates

| Industrials | p | | p |
|---|---|---|---|
| Allied-Lyons | 40 | NEI | 13 |
| Amstrad | 19 | Nat West Bk | 65 |
| BAT | 62 | P & O Dfd | 65 |
| BOC Grp | 50 | Plessey | 20 |
| BSR | 17 | Polly Peck | 34 |
| BTR | 36 | Racal Elect | 32 |
| Babcock | 32 | RHM | 35 |
| Barclays | 52 | Rank Org Ord | 70 |
| Beecham | 52 | Reed Intnl | 50 |
| Blue Circle | 50 | STC | 30 |
| Boots | 30 | Sears | 16 |
| Bowaters | 50 | TI | 37 |
| Brit Aerospace | 50 | TSB | 12 |
| Brit. Telecom | 28 | Tesco | 18 |
| Burton Ord | 32 | Thorn EMI | 65 |
| Cadburys | 25 | Trust Houses | 25 |
| Charter Cons. | 45 | Turner Newall | 26 |
| Comm Union | 34 | Unilever | 62 |
| Courtaulds | 45 | Vickers | 20 |
| FNFC | 32 | Wellcome | 42 |
| Gen Accident | 95 | **Property** | |
| GEC | 22 | Brit Land | 30 |
| Glaxo | 200 | Land Securities | 50 |
| Grand Met. | 50 | MEPC | 48 |
| GUS 'A' | 125 | Peachey | 40 |
| Guardian | 95 | **Oils** | |
| GKN | 38 | Brit Petroleum | 32 |
| Hanson Tst. | 17 | Britoil | 30 |
| Hawker Sidd | 58 | Burmah Oil | 52 |
| ICI | 125 | Charterhall | 10 |
| Jaguar | 52 | Premier | 11 |
| Ladbroke | 45 | Shell | 125 |
| Legal & Gen. | 32 | Tricentrol | 11 |
| Lex Service | 45 | Ultramar | 26 |
| Lloyds Bank | 35 | **Mines** | |
| Lucas Inds. | 75 | Cons Gold | 125 |
| Marks & Spencer | 22 | Lonrho | 28 |
| Midland Bk | 45 | Rio T Zinc | 100 |
| Morgan Grenfell | 55 | | |

A selection of Options traded is given on the London Stock Exchange Report Page.

FINANCIAL TIMES

Saturday September 12 1987



# Liberals sure of merger support

By Peter Riddell, Political Editor

LIBERAL LEADERS are confident of overwhelming support for the principle of merger with the Social Democratic Party at their assembly at Harrogate next week.

Close allies of Mr David Steel, the Liberal leader, are predicting a majority of 10-1 for the start of merger talks with the SDP. In spite of vocal protests from the minority of local activists favouring a continued separate party. The timetable is for negotiations to last until Christmas, with final decisions early next year and the formation of a new party in the spring.

There are, however, likely to be intense arguments about the nature and consitution of the new party, in particular, about the balance of influence in its affairs for activists and for rank-and-file members. This parallels a similar debate at present within the Labour Party.

Leading Tories yesterday mounted a concerted campaign of speeches to exploit SDP divisions on the issue. Mr Paul Channon, the Transport Secretary, said there was a place for Dr David Owen, the former SDP leader, and all who supported him in the Conservative Party.

After preliminary meetings at the weekend, the Liberal Assembly formally starts on Monday, though Mr Steel will not arrive until midday on Tuesday since he is currently attending a meeting of the Liberal International in Canada. The assembly will be dominated by the merger issue, with a day-long discussion on Tuesday and a detailed debate on Thursday.

The SDP conference at Portsmouth clearly backed negotiations, though Mr Robert Maclennan, the SDP's new leader, said he would take a tough line, seeking prior agreement on key policy approaches such as nuclear defence.

This view worried many Liberals, such as the Association of Liberal Councillors which reflects much activist opinion, who have argued that detailed policies, as opposed to broad principles, should be left until a new party is formed.

There will therefore be close interest in the tone adopted by Mr Maclennan when he addresses the assembly on Wednesday. Senior Liberals believe he is now totally committed to the success of the talks.

Opposition to merger is limited mainly to a small group including Mr Phil Cottier from Bedfordshire, who has set up an "I'm Staying Liberal" organisation, and a number of Yorkshire activists, including the sisters Mrs Beth Graham and Mrs Clare Brookes, whose views will be well represented since the assembly is at Harrogate.

The main uncertainty is whether the Liberals will hold a ballot on the principle of the talks, as the SDP has done. The leadership is reluctant to incur the cost of a ballot, but does not want to force the issue for fear of producing a grassroots revolt.

As part of the Tory attack, Mr John Patten, the Home Office Minister of State, argued yesterday that any new party would be on the left, "more than ever inclined to support rather than supplant Labour."

A warning of possible strains at the assembly comes in the latest issue of Liberal News, where Mr Simon Hughes, the MP for Bermondsey, south London, argues "that if more than a small minority of Liberals are unhappy with the proposed (merger) terms then it may be better not to merge at all."

Tory reshuffle, Page 4

# Inflation rate remained steady at 4.4% in August

BY RALPH ATKINS

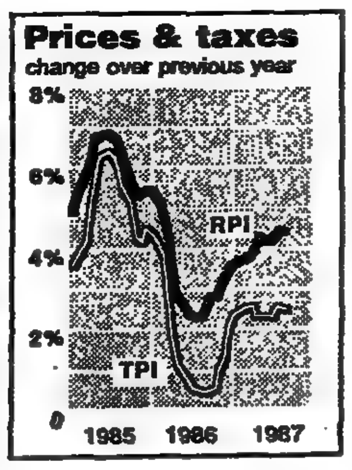
BRITAIN'S annual rate of inflation remained steady at 4.4 per cent in August, but the Government is confident of a fall by the end of the year.

Figures released yesterday by the Employment Department showed that the retail price index increased by 0.3 per cent from July to August, the same rate of increase as in the corresponding month last year. The latest rise is due mainly to higher prices for seasonal foods, housing, clothing and footwear.

The increase was slightly higher than independent economists expected, but most still believe the annual inflation rate has peaked and will fall below 4 per cent by December, in line with government forecasts.

However, there are fears that retail price inflation will creep up again in the first half of next year, perhaps above 5 per cent, because of rising unit labour costs and commodity prices.

There is also the threat of higher inflation due to increased mortgage rates, which may be pushed up if there is another increase in base interest rates.




Mr Norman Fowler, Employment Secretary, said August's figures meant the annual rate of inflation during the summer months had remained below the 4.5 per cent ceiling predicted by Mr Nigel Lawson, Chancellor of the Exchequer. Mr Fowler warned about the detrimental effect of high wage settlements and urged negotiators to assume that inflation was falling.

Seasonal food prices increased by an average of 1.6 per cent in August, mainly because of the bad weather, and clothing and footwear prices rose 0.6 per cent as summer sales came to a close. Fuel and lighting costs, however, fell 0.1 per cent, partly due to gas price reductions.

The cost of housing, which accounts for a large share of the index, increased 0.3 per cent in August compared with July, as house prices continued to surge. Housing costs are rising at an annual rate of 10.1 per cent.

The cut in mortgage rates by some building societies at the beginning of August, which was then reversed after the 1 percentage point rise in base interest rates, had only a tiny downward effect.

The all-items retail price index stood at 102.1 in August (Jan 1987=100) compared with 101.8 in July. The Tax and Price Index, which takes into account taxation as well as prices, was set at 100.0 (Jan 1987=100) compared with 99.7 in July.

# Fresh offer for PFPUT throws doubt on bid from Mountleigh

BY NIKKI TAIT

THE LONG-RUNNING saga over the future of the £223m Pension Fund Property Unit Trust took yet another turn last night as Banque Paribas Capital Markets together with Tops Estates, the fast-growing property group and retail specialist, launched a £270m offer for the portfolio.

The offer beats that of Mountleigh, another aggressive property company, headed by Mr Tony Clegg, which had agreed to buy the PFPUT portfolio for £263m. The Mountleigh offer had won the recommendation of the PFPUT committee of management and is due to be put to unitholders on Monday.

Unlike Mountleigh, which has a reputation for being able to break up property portfolios profitably and is offering unitholders cash only, the BPCM-Tops offers envisages the continued existence of the PFPUT portfolio, with the Tops team taking over management. BPCM is a wholly-owned subsidiary of Banque Paribas, part of the recently-privatised French Paribas group.

The vehicle for the offer would be a newly-formed company. Unitholders would have the choice of taking cash, which BPCM estimates would be worth at least £3,325 a unit compared with Mountleigh's estimated £3,251, or switching into a mix of shares in the new company plus loan stock in Tops.

A previous proposal from the PFPUT committee of management, suggesting that the investment vehicle should incorporate, won the backing of 55 per cent of the unitholders' votes, but was overtaken by the Mountleigh bid.

Mr Dennis Marler, PFPUT's new chairman, said the latest offer would have to be taken very seriously.

He expressed doubts as to how quickly the offer could go ahead, but said that one option might be to defer any decision at Monday's meeting. The committee of management has not decided whether to withdraw its recommendation for the Mountleigh bid.

Under the latest offer, Paribas would hold 32.5 per cent of the new company, Tops 27.5 per cent and unitholders will be offered the remaining 40 per cent. Those taking shares rather than cash would also receive 7½ per cent convertible loan stock in Tops. Their units would switch into roughly one-third Tops loan stock and two-thirds shares in the new company.

The PFPUT saga has been running for about five months. Trafalgar House opened the bidding before bowing out this week. GEC Pension Fund attempted a partial offer.

# Ilea likely to disappear in its present form in three years

BY ALAN PIKE, SOCIAL AFFAIRS CORRESPONDENT

THE Labour-controlled Inner London Education Authority is likely to disappear in its present form within three years under government plans, detailed in a consulation paper yesterday, to allow individual boroughs to run their own education services.

Under the proposals, boroughs have until February 1989 to decide - by a simple majority vote of their councils - whether to leave Ilea. Councils doing so would not be allowed to rejoin the authority later - if, for instance, there were a change in political control. Those deciding to opt out would assume responsibility for education from April 1990.

Three Conservative boroughs - Kensington and Chelsea, Westminster, and Wandsworth - are already planning to leave Ilea.

Education in central London has been organised by a single authority for 100 years, and Ilea survived the abolition of the Greater London Council and the metropolitan counties.

But Mr Kenneth Baker, Education Secretary, says in the consultation paper that there has been severe critisism of Ilea's educational performance despite levels of expenditure far in excess of any other local education authority. The paper says the authority has shown little sign that it is ready to tackle the root causes of its educational and financial problems.

The timetable means the decisions on opting out will be made before the next London borough elections. Councils will be allowed to apply to run education services either individually, or in partnership with one or more other London boroughs.

The Education Secretary will need to be satisfied that boroughs seeking to leave Ilea will be able to provide appropriate education for all pupils and students, including those with special needs. Go-it-alone boroughs will also have to show that they can make adequate provision for other facilities such as youth, careers and educational welfare services and a local inspectorate.

Mr Neil Fletcher, Labour leader of Ilea, described the Government's proposals as profoundly undemocratic. "A borough council elected with no mandate to run education will be able to break up and cut back Ilea's wide range of services." Labour councillors in London are concerned that a decision by a wealthy borough like Westminster to run its own education service could turn what was left of Ilea into an under-funded rump.

This argument is rejected by the Government.

Mr Baker is seeking comments on the consultation paper by October 16. Legislation will follow.

# Montedison buys out plastics partner for $1.5bn

By Alan Friedman in Milan and Gordon Cramb in New York

MONTEDISON, the Italian chemicals group, is to pay $1.49bn (£906m) to buy a 38.7 per cent equity stake in Himont, the world's largest producer of polypropylene resins. The stake is held by Hercules, the US chemicals company with which Montedison formed Himont in 1983 as a 50-50 joint venture.

The deal brings to an end the joint venture in Himont, a New York Stock Exchange quoted company which claims to have 20 per cent of the world polypropylene market. Himont was formed when Montedison and Hercules pooled their businesses in polypropylene, and its resins are used in the manufacture of a range of consumer products such as car bumpers, component mouldings, cigarette filters, packaging and wrappings.

In the first nine months of this year Himont made a net profit of $167m on sales of $833m and analysts expect it to earn $210m on sales of $1.15bn for the year to October 31.

Himont has been quoted on Wall Street since last February, when 22.6 per cent of its shares were floated, raising $402.5m. At the time Montedison and Hercules each reduced their holding to 38.7 per cent.

The Italian group is paying $59.50 per share for 25m Himont shares, a 20 per cent premium on the price of around $50 a share ruling on the New York Stock Exchange before the deal was announced yesterday.

Hercules is to spend most of the proceeds on buying back its own shares. The board of the Wilmington, Delaware, company announced separately yesterday that it had authorised the repurchase of up to 15m shares over the next two years.

This would represent more than a quarter of its equity and at yesterday's market levels would cost just over $1bn. Analysts estimate that this could roughly equal the amount Hercules will have left from the sale of the Himont stake after tax and associated charges.

Montedison will have 77 per cent of Himont after buying out Hercules - the deal will be formalised on September 25. The Italian concern will then seek to buy a further 3 per cent of Himont on the market (for around $90m) to achieve 80 per cent control, which would give it important tax advantages in the US.

This will bring Montedison's total expenditure to nearly $1.6bn and create what the Milan group yesterday described as, "a temporary imbalance in our debt-equity ratio." The deal, to be financed initially by credit lines from banks, will bring the group gearing ratio temporarily up to 1.7:1.

The share deal is to be financed later by way of asset disposals in non-strategic sectors, fund raising on capital markets and by making use of Himont's net cash balance of around $500m. Montedison says it aims to achieve a 1:1 debt-equity ratio, "in the short term."

Montedison says it wants to enlarge its interests in polypropylene as part of a strategy of developing semi-commodity plastics which fall between basic materials and "super" plastic materials.

For Hercules, the sale brings to fruition a four-year strategy to move out of polypropylene resins where it had been world leader. However Mr David Hollingsworth, Hercules chairman, acknowledged that he, "would have preferred to redeploy resources in the business," rather than repurchase Hercules shares.

Hercules shares, after rising $4 on news of the Himont disposal, returned to trade by lunchtime yesterday just $½ higher at $68½. The minority of Himont stock which remains in public hands traded $¼ lower at $48¾, also losing a positive initial response and remaining well below the $59½ a share which Montedison is paying.

Italians don polypropylene crown, Page 10

THE LEX COLUMN

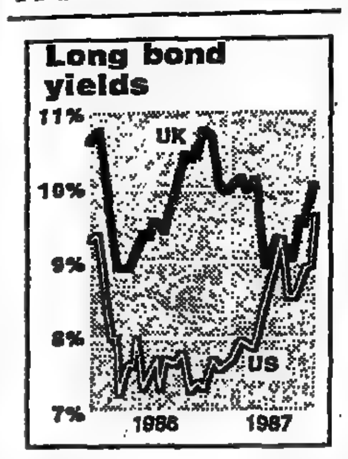
# Whistling in the dark

FT Index rose 2.5 to 1763.8

The long awaited US trade figures were even more appalling than expected yesterday, but the markets reacted in their usual unpredictable manner and after an initial hiccup marked prices higher. The dollar, whose health continues to be the number one concern of the international bond markets, rose against the Japanese yen but fell against the DMark and sterling. And long-term US Government bond yields, which had risen by close to 50 basis points over the last fortnight, were heading back below the 9 1/2 per cent level yesterday afternoon.

However, too much should not be read into the initial market reaction to the latest trade numbers. Despite a 50 per cent decline in the value of the dollar over the last two and a half years, the US is still producing horrible trade deficits; and while a temporary surge in oil imports partly explains the latest disappointing figures, the turnround in the dollar is taking much longer than expected, and there is a growing feeling that last week's half point rise in the discount rate is only the beginning.

Wall Street has stabilised after its sharp fall earlier this month and this helped the UK equity market this week. But with £4bn of cash calls due this month - equivalent to the entire amount raised in 1984 - it is not surprising that the marketmakers are nervous.




## Equity & Law

Having refused Mr Ron Brierley's advances with a slap, Equity & Law's rejection of Compagnie du Midi's approach yesterday was more of a tickle. Perhaps that just reflects the different ways in which the offers were put; a rather insulting suggestion from the first and a more charming proposal by the second. Yet though Compagnie du Midi might make an admirable chevalier blanc for Equity & Law, the latter is still refusing to be rescued.

This may turn out to be merely a matter of price. Although 400p looks a good one, when two offers have already appeared and more might be expected Equity & Law ought to be able to extract rather more for its shareholders. The market was last night betting that another 30p or so might be forthcoming, the shares closing at 417p. It is not impossible that Mr Brierley - unaware of the developments yesterday as he was flying to Australia - might make that higher offer, though he could now sell his near 30 per cent stake at a good profit. And Compagnie du Midi might be willing to pay up given its belief that with Equity & Law it could cover most of Europe's life and non-life risks.

Although 1992, when the EC becomes one financially, seems a long way off, it is never too early to start planning for the day. Indeed Equity & Law is one of the foremost UK life companies in continental Europe having set up in the Netherlands and West Germany in the 1970s and more recently in Belgium. Compagnie du Midi's strengths lie in southern Europe and on the non-life side. While Equity & Law might be able to expand on its own, it would be simpler and in the long term more profitable to join forces now. After a little more flirting, Equity & Law might respond enchanté.

## Siebe

In a market often moved by sentiment as much as performance, it is a foolish chief executive who takes for granted that strong earnings growth will be smoothly translated into a buoyant share price. Mr Barrie Stephens of Siebe is clearly no fool, so it is tempting to believe his acquisition of Barber-Colman is such a cracking good deal that it was worth risking a year or two in the dog-house to complete. Unfortunately, no such assumption can be made.

It takes some faith to believe that Robertshaw and Ranco (the two earlier US deals) have been fully rationalised and integrated after, respectively, eleven and eight months in the Siebe fold. It takes as much again to believe that Barber-Colman - which has been acquired on a prospective multiple of at least 17 - will be susceptible to a sharp earnings improvement when facing competitors like Honeywell. That is not to say that the deal or the strategy is suspect, merely that Siebe has rather more to explain away than full year earnings dilution of seven per cent and deepening exposure to the dollar.

Shareholders certainly have some responsibility to finance fast-growing companies producing steady earnings growth, but they can also justifiably complain if the speed of Siebe's acquisitions and weight of new paper causes the share price to underperform the market by more than one third over the past year. That underperformance may have been rather less if the company had had its scrip issue when the price was artificially sustained over £12, but given the extent to which the rights issue had already been discounted the price should hold up above the rights price of 780p. The trouble is any sign of recovery and the price will be mugged by one of those disgruntled shareholders.

## Bank hours

It has been another rough week for Midland Bank. The revelation that Lord Hanson had bought a sizeable chunk of the equity was quickly followed by embarrassing publicity over an over-zealous manager who cancelled a long standing newspaper order after discovering the newsagent banked with a rival. But though accident-prone, the bank went some way to repairing its public image with yesterday's announcement that it was extending the opening hours of a significant number of its branches. For once it seems to be ahead of the competition.

Midland's cost structure is badly out of line with the other banks and, having exhausted most of the obvious cost cutting measures, the only way it can improve its performance is by pumping more business through its branches. It could add £250m to its profits by merely bringing its cost ratios into line with the rest of the sector. However, while pressure of circumstances may be forcing Midland to open for longer hours, the other clearing banks are unlikely to be far behind. They are no different from any other High Street retailer, after all, and it has never made much sense that they observe opening hours different from the likes of Sainsbury or Marks & Spencer.

## CHIEF LONDON PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

| RISES | | | | FALLS | | | |
|---|---|---|---|---|---|---|---|
| Treas.2½pc I.L.2001 | £103 7/16 | + | 7/16 | Aurora | 95 | − | 7 |
| DPCE | 310 | + | 15 | BPB Inds. | 349 | − | 6 |
| Equity & Law | 417 | + | 27 | Britannia Security | 228 | − | 6 |
| Hammerson A | 688 | + | 18 | Dalgety | 388 | − | 7 |
| Hampton Trust | 127 | + | 11 | Delta Group | 288 | − | 16 |
| Laing (John) | 370 | + | 10 | Lloyds Bank | 343 | − | 10 |
| Morgan Grenfell | 536 | + | 11 | Redland | 488 | − | 12 |
| Pearl Group | 421 | + | 18 | Royal Insurance | 539 | − | 14 |
| Personal Computers | 270 | + | 20 | Siebe | 818 | − | 115 |
| Spectrum Group | 82 | + | 10 | | | | |
| Suter | 303 | + | 14 | | | | |
| Wellcome | 498 | + | 24 | | | | |
| Wolseley | 657 | + | 19 | | | | |
| Woodhouse & Rixson | 119 | + | 28 | | | | |

## WORLDWIDE WEATHER

| | | Y'day midday °C | °F | | | Y'day midday °C | °F | | | Y'day midday °C | °F | | | Y'day midday °C | °F |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Ajaccio | S | 26 | 79 | Dallas † | F | 21 | 70 | Madeira | S | 28 | 82 | Prague | F | 18 | 64 |
| Algiers | S | 29 | 84 | Dublin | R | 15 | 59 | Madrid | S | 28 | 82 | Reykjvk. | C | 11 | 52 |
| Amsdm. | S | 18 | 64 | Dbrvnk. | S | 27 | 81 | Majorca | S | 29 | 84 | Rhodes | S | 27 | 81 |
| Athens | S | 30 | 86 | Edinbgh. | F | 15 | 59 | Malaga | F | 27 | 81 | Rio J'o | | - | - |
| Bahrain | S | 38 | 100 | Faro | S | 27 | 81 | Malta | S | 31 | 88 | Rome | S | 27 | 81 |
| Barclna. | S | 27 | 81 | Florence | S | 27 | 81 | M'chstr. | S | 17 | 63 | Salzbrg | C | 18 | 64 |
| Belfast | C | 14 | 57 | Frankft. | Dr | 14 | 57 | Melbne. | C | 14 | 57 | S Frsco † | C | 15 | 59 |
| Belgrd. | S | 27 | 81 | Geneva | S | 23 | 73 | Mx. C. | | - | - | Seoul | C | 27 | 81 |
| Berlin | C | 18 | 64 | Gibraltar | S | 25 | 77 | Miami † | F | 29 | 84 | Singapr. | | - | - |
| Biarritz | S | 27 | 81 | Glasgow | F | 15 | 59 | Milan | S | 26 | 79 | S'tiago | | - | - |
| Bmghm. | F | 17 | 63 | G'nsey | C | 18 | 64 | Montrl † | F | 14 | 57 | Stckhm. | F | 16 | 61 |
| Blackpl. | S | 17 | 63 | Helsinki | F | 14 | 57 | Moscow | F | 16 | 61 | Strasbg. | C | 20 | 68 |
| B. Aires | | - | - | H. Kong | C | 28 | 82 | Munich | C | 18 | 64 | Sydney | S | 15 | 59 |
| Bombay | F | 30 | 86 | Innsbrk | F | 21 | 70 | Nairobi | C | 25 | 77 | Tangier | S | 31 | 88 |
| Bordx | S | 25 | 77 | Invrnss. | C | 14 | 57 | Naples | F | 28 | 82 | Tel Aviv | F | 28 | 82 |
| Boulgn. | | - | - | I o Man | F | 16 | 61 | Nassau | | - | - | Tenerife | S | 30 | 86 |
| Bristol | R | 18 | 64 | Istanbul | S | 25 | 77 | Nwcstl. | C | 16 | 61 | Tokyo | R | 24 | 75 |
| Brussels | C | 19 | 66 | Jersey | C | 19 | 66 | N Delhi | S | 34 | 93 | Toronto † | F | 17 | 63 |
| Budpst. | F | 25 | 77 | Jo'burg | S | 23 | 73 | N York † | F | 20 | 68 | Tunis | S | 32 | 90 |
| Cairo | S | 32 | 90 | Leeds | C | 17 | 63 | Nice | S | 26 | 79 | Valencia | S | 29 | 84 |
| Cardiff | C | 17 | 63 | L. Pms. | S | 30 | 86 | Nicosia | S | 23 | 73 | Venice | S | 25 | 77 |
| Cape T | C | 16 | 61 | Lisbon | S | 30 | 86 | Oporto | S | 26 | 79 | Vienna | R | 21 | 70 |
| Chicago † | F | 14 | 57 | Locarno | S | 23 | 73 | Oslo | F | 14 | 57 | Warsaw | F | 18 | 64 |
| Cologne | C | 18 | 64 | London | F | 18 | 64 | Paris | C | 18 | 64 | Washgtn † | F | 22 | 72 |
| Cpnhgn. | C | 18 | 64 | L. Ang. † | F | 18 | 64 | Peking | | - | - | Welgtn. | C | 13 | 55 |
| Corfu | S | 30 | 86 | Luxmbg. | C | 14 | 57 | Perth | F | 22 | 72 | Zurich | F | 22 | 72 |

C—Cloudy. Dr—Drizzle. F—Fair. Fg—Fog. H—Hail. R—Rain. S—Sunny. Sl—Sleet. Sn—Snow. T—Thunder.
† Noon GMT temperatures

# WH Smith freezes sale of 50% stake in Book Club

BY DAVID CHURCHILL

W H SMITH, the retailing and newspaper distribution group, has frozen the sale of its 50 per cent stake in Book Club Associates, the UK's largest book club, to Bertelsmann, the West German publishing group, pending the outcome of a Monopolies and Mergers Commission investigation announced yesterday.

The commission has been asked by Lord Young, Trade and Industry Secretary, to investigate a series of deals involving Book Club Associates and Leisure Circle, another UK book club which is also owned by Bertelsmann.

The W H Smith freeze was imposed at the request of the Office of Fair Trading.

Mr Malcolm Field, the group's managing director, said last night he was disappointed at the delay.

BCA was set up as a joint venture 21 years ago between Smith and Doubleday, the US publisher.

It has some 1.9m members and an estimated two-thirds of the UK market.

Bertelsmann acquired Doubleday last year and subsequently made an offer for Smith's 50 per cent stake in BCA. Smith agreed to the sale last month.

Bertelsmann then negotiated the sale of the stake to Presses de la Cite, a French publishing company which has plans for expansion within the UK.

Bertelsmann also agreed to sell to Presses de la Cite a 50 per cent stake in Leisure Circle, which has 400,000 members in the UK.

The agreement would re-create in the UK the successful partnership between the two companies which is already in place in France.

Bertelsmann and Presses de la Cite are the joint owners of France-Loisirs, the leading French book club.

The Office of Fair Trading, however, is concerned that the ownership of the top two book clubs in the UK by Bertelsmann and Presses de la Cite might lead to a reduction in competition.

An Office of Fair Trading spokesman said yesterday: "It is not a question of foreign ownership, but simply a question of whether or not competition will be affected."

The commission has three months in which to complete its investigation.

Continued from Page 1

# US trade

the data had depressed US currency and bond markets to such an extent in the past fortnight that buying found renewed impetus.

On Wall Street US government bond yields again tested the 9.6 per cent level before falling back to trade at 9.49 per cent, the first time in nearly a week they have been below 9.5 per cent. Equity prices also benefited from renewed hopes that a second rise in the Federal Reserve's discount rate might be averted after the previous Friday's half point boost to 6 per cent. By 2pm the Dow Jones industrial average was 32.53 higher at 2,608.58 in moderately active volume.

WEEKEND FT

September 12/13 1987

• MARKETS • FINANCE & THE FAMILY • PROPERTY • TRAVEL • MOTORING • DIVERSIONS • HOW TO SPEND IT • BOOKS • ARTS • TV •

# The importance of being Catholic

**The Irish Republic is rigid in its stand on social issues. Hugh Carnegy reports on moves and counter-moves for change**

PRIEST-RIDDEN, Rome-ruled, a Catholic state for a Catholic people. Northern Ireland Protestants have never found it difficult to mount the charge of religious intolerance against their neighbours in the Irish Republic which for so many of them lies at the heart of their objection to Irish unity.

It has been more than just a question of rival bigotry. The social structures of the Republic have led many people outside the ranks of extremist puritan Protestantism to criticise the rigidities of its society.

Dr Garret FitzGerald, former Prime Minister of the Republic, whose mother was from the North, made the need to pluralise society in the south a central theme of his political commitment. In 1978 he said: "If I were a Northern Protestant — and I'm half a Northern Protestant — I wouldn't be happy about unification with people who haven't shown themselves to be open-minded. We need to shake people here out of their loyalty to the State to a wider loyalty to the Irish nation. This is so partitionist a state that Northern Protestants would be bloody fools to join it."

For a Prime Minister of the Republic to suggest that his own people are narrow-minded, partitionist and hostile to the Irish nation might seem odd; these labels attach more readily to the likes of the Rev Ian Paisley and his raucous flock in the north. But the thinking of FitzGerald and like-minded Irish people is that after partition in the early 1920s the independent south evolved away from the original tenets of Irish republicanism. Instead of a radical, pluralist state in which "Catholic, Protestant and Dissenter" would thrive together (not, it should be remembered, an ideal for which many northern Protestants have shown any enthusiasm), it became a deeply conservative state, dominated above all by the Roman Catholic Church to which almost all its citizens belonged.

The 1981 census showed that 95 per cent of the population professed to being Roman Catholic. Protestants have made much of the fact that since the census of 1911, the last before independence, the non-Catholic proportion of the population has fallen from 10.4 per cent to 5 per cent. A good deal of the shift took place in the years surrounding the break with Britain, but undoubtedly the fall in non-Catholic numbers since independence is attributable to, for example, Catholic refusal to recognise mixed marriages.

In 1987, the Republic is certainly unmistakeably Catholic, unmistakeably conservative and unmistakeably rigid in its stand on social issues long since liberalised in most other European countries. Only just over a year ago, FitzGerald's attempts to legitimise divorce were defeated heavily in a referendum. In 1983, the country had been convulsed by a previous referendum on abortion. Abortion was already illegal, but anti-abortion activists pushed through a proposal to enshrine this position in the constitution. As a result, women's centres were forced by the Supreme Court to stop giving advice on abortion services in Britain. On both divorce and abortion the Church was vociferous in its opposition to liberal reform.

Non-medical contraceptives finally were legalised during FitzGerald's Government, but they are still available only from registered pharmacists. This year, police stepped in to stop some nightclubs placing condom machines in their washrooms. Censorship is quite widespread, with Playboy-type magazines kept off newsagents' shelves.

And yet, it would be a mistake to portray the Republic simply as a Church-dictated monolith. True, both primary and secondary education are run principally by the Church. But things have changed — and are continuing to change. The question is: How fast and how far?

Bishop Joseph Duffy presides, from his imposing cathedral atop a hill outside Monaghan Town, over the diocese of Clogher, which straddles both sides of the border. He is not keen on the view, expressed by FitzGerald, that the Republic must become more pluralist. But he readily acknowledges that people "take their faith in their stride now."

He says: "We have a largely young, urban, more flexible open society. Therefore, the old moulds are not as tight and unbreakable as they used to be. But you must always balance that against Ireland as an island much more conservative than the rest of Europe. We are always a bit behind.

"There is a myth going around that politicians canvass the views of the

## 'Powerful lay lobby'

clergy and bishops about social legislation and other matters. That was possibly so 50 years ago, but it is certainly not so now."

Evidence of social changes is probably most apparent among the young who make up a large part of Irish society — the average age of the population is 28, against the European average of 34. On the face of it, Irish youngsters behave little differently from their peers elsewhere in western Europe. They dress similarly, watch the same television programmes and films, and listen to the same rock bands—especially U2, the Dublin group which has had worldwide success in recent years.

Sex is hardly a taboo subject any longer, and if contraceptives are somewhat more difficult to obtain in the Irish Republic than in other countries they are, nowadays, relatively easy to come by. An opinion poll of 15-24-year-olds, published recently in the Sunday Independent, showed that 48 per cent felt they were more sexually promiscuous than Irish youth in the 1960s. Only 8 per cent felt the opposite. The biggest restraint on sex among the latter was said to be the threat of Aids, not Church strictures.

Paolo di Paolo

The poll did find that 76 per cent regarded religion as at least "fairly important," and 68 per cent went to church once a week. But that figure is significantly lower than for the population as a whole — and only on the abortion issue did more youngsters agree with Church teaching than disagree. More disagreed than agreed with the Church on divorce, sex outside marriage, and contraception. The birth rate has fallen from more than 70,000 a year to about 60,000, reflecting not only economic recession, but an increased use of contraception.

Significantly, too, the 1981 census showed that the number of people reporting no religious affiliation had risen by five times—to 40,000—since 1971. Most of these were under 34, and 86 per cent were under 45.

Bernie Quinn is a recently-married young primary school teacher in Roscrea, a town in County Tipperary. She is a practising Catholic who feels she would be missing something important in her week if she did not attend mass.

She thinks the influence of the Church has declined. "Most young people don't believe in confession. When it comes down to everyday living, people make up their own minds about what they will do. If you don't want to go to mass you don't have to.

"The Catholic Church is bending. You watch any TV interview: even the priests themselves have differing views. It's come to the stage that things are out in the open, and that's a good thing."

She says the atmosphere is freer in Dublin, where nearly one-third of the Republic's population lives, than in rural areas, mainly because the size of the city means that details of people's personal lives are not so noticeable.

Dublin is where many aspects of life in the Republic are writ large. Unemployment, running at more than 19 per cent of the workforce across the country as a whole, is chronic. Housing conditions in many areas are woeful. Social problems are rife, with drugs abuse particularly bad.

The Church, both directly and indirectly, is deeply involved in welfare work to alleviate these. One of the principal Catholic charities is the St Vincent de Paul Society, the northeast Dublin branch of which is headed by Maura Mulhall. In 15 years of working for the society, she says, she has never encountered so many people living on or below the poverty line. Her area includes some of the most wretched housing estates in the capital, where unemployment can run as high as 70 per cent.

She is worried about the hopelessness, especially among the young, who see no future for themselves and reject established instititions. "Up to now the women—the mothers of Ireland—held things together. They were very religious. But will that continue? The younger generation are not as attached to the Church. They don't see that the Church has any relevance for them."

While nobody disputes that things have altered, it is equally true, as the results of the divorce and abortion referenda showed, that there are many

## 'Community integrity'

Irish people who are disturbed by the changes and want them curbed. There is a powerful lay lobby behind—indeed, sometimes leading—the Church, arguing strongly that the Republic's preservation of religious values sets it apart from the rest of Europe, and from the UK, in a wholly desirable way. This view, espoused by many prominent politicians and professional people, holds that where other countries have slid into moral and social confusion—some might say decay—by liberalising régimes covering such matters as abortion, birth control, divorce and pornography, Ireland has maintained its essential, family-based, community integrity.

It is noticeable in conversation with Bernie Quinn and Maura Mulhall that while they welcome the removal of many of the old rigidities, they remain personally committed to a Catholic way of life. Mulhall said candidly that although she felt a breakdown in religiously segregated education was desirable in theory, especially in Northern Ireland where it has reinforced community divisions, she wanted a Catholic education for her children.

However, she admits to a hypocrisy in the Republic. Abortion is banned but most citizens turn a blind eye to thousands of young women annually making anguished, clandestine trips across the Irish Sea to British clinics. And there was the Kerry Babies case, in 1984, when an enquiry showed that police had extracted a false confession from Joanne Hayes, an unmarried mother, to the murder of a baby.

The man who voices the most biting critique of the role played by the Catholic Church since independence is Dr Noel Browne, a former health minister and long-time member of the Dail, the lower house of Parliament. He lives in retirement with his wife in a small cottage close to the wild shores of Connemara, on the Atlantic coast.

Browne gained much of his popularity when, as Minister of Health between 1947 and 1951, he oversaw a huge programme of hospital building —and the eradication of tuberculosis. TB, rampant in Ireland at the time, has claimed the lives of his father, several other members of his immediate family and nearly himself. Eventually he resigned after incurring the wrath of the Church, and the country's doctors, over his attempts to introduce a Mother and Child Health scheme, intended to establish free state pre-and post-natal care.

He never returned to government and spent the rest of his years in Parliament as a recalcitrant figure on the back benches. He is withering about the way the political system has developed in the Republic. The two main parties, Fianna Fail and Fine Gael, both conservative groups, fight their battles on "the old tribal lines" of the civil war of the early 1920s, which followed Irish independence.

"There is a curious anomaly in Ireland. They keep telling us we fought the war to get freedom from Britain. Yet here we are at the moment waiting for someone in Rome — in the Vatican, a Polish gentleman — to tell us who is to be the next Archbishop of Dublin. We're the last advanced West European country prepared to take dictation from outside the state on important matters of policy."

Many observers thought that the most remarkable feature of the Irish referendum on divorce was that nearly 40 per cent of those who voted were prepared to defy the Church line in favour of the proposal. Such a figure would have been unthinkable 15 or 20 years ago. The implication is that, in time, such reforms will inevitably come to pass.

As Bishop Duffy said, the Church itself has had to adapt. Before both the divorce and the abortion votes, the hierarchy declared that voters had a right to decide according to conscience.

"We are on a loser if we take a view of the Church as a fortress on the defensive. The new image of the Church is of keeping a lamp lit and bringing a light to others. That means integrating what is best in modern society."

For his part, Dr Noel Browne is encouraged that non-Church views have penetrated even the most conservative rural communities; yet he is not convinced a "secular, pluralist, radical" Republic is any nearer. "You've got the evolution of a younger generation who are not as frightened of hell fire. But where it's going to lead, I can't say."

The Long View

# Bond markets pose an enigma

**Because they tend to be closer to the monetary pulse they could have a worrying message, says Barry Riley. On the other hand, they could be leading everyone up blind alleys.**

LET'S HOPE the international bond markets do not know something of which the rest of us are blissfully ignorant. Most of the important fixed interest markets have been plunging this year; the equity markets have generally regained their nerve, to recover to somewhere within spitting distance of their early summer highs.

Bond markets tend to be closer to the monetary pulse, where equity markets are also quite powerfully influenced by the real economy. If the profits trends look good, and there are plenty of exciting deals around, equities can defy gravity for quite a while.

So, on the basis that changes in monetary conditions tend to lead the ups and downs of the real economy, the bond markets could have a worrying message. This could be offset, however—to the extent that the bond market-makers are hooked into an increasingly frenetic scene which leads the markets to chase enthusiastically up blind alleys.

Long-term bonds, you will be aware, are simply the ones which fluctuates mor wildly on a short-term view.

Once upon a time, of course, bonds used to be safe investments for the ultra-cautious investor. The Victorian vicar would keep his savings in Consols. In the 1930s, the main focus of the stock market reports was on War Loans.

In Britain, however, this approach has been turned on its head since the 1950s. The modern pension fund manager regards blue chip equities as his long-term core holdings; gilt-edged are there only to be turned over speculatively ahead of economic news announcements or traded according to complex mathematical analysis to exploit minute market anomalies.

Even within the past 10 years the Japanese Government bond market was a sleepy place: it was a significant event if the yield changed enough in a week to alter the figure after the decimal point.

These days it is remarkably different, with corporate treasurers from the likes of obscure Osaka chemical companies punting heavily — and occasionally, disastrously. The yield on ten-year bonds has varied between 2.8 and 5.3 per cent this year. Zaitech, or financial engineering, has replaced high-tech as the main profit centre of many Japanese industrial companies. Internationalisation, with its inherent instabilities, has come to dominate even the once insulated Tokyo markets.

In a national bond market, speculation is based mainly on shifts in the interest rate structure between long and short dates. But a multicurrency fund, embracing a range of different country markets, has a whole new dimension of potential activity, and the action need hardly ever slow down.

So, bond market traders feed off international capital imbalances and associated movements in exchange rates and interest rates. During the second quarter of this year the picture was muddled. During the third quarter the trends have become more clearly established. Interest rates are going up, and the dollar is going down.

It seems that rates are rising partly because of a pickup in the world economy. This could be regarded as somewhat strange; many forecasts put world economy growth as rather lower in 1987 than in 1986. But the US had a reasonably strong first half, at least, and several leading economies, including Japan, the UK and Italy, are expanding faster than last year.

The rise in commodity prices has also suggested that there is some strength in the global economy, though there has now been some reaction from the commodity price peaks of last month.

Bond investors are negative folk, because economic prosperity tends to make them very jumpy. They dream of permanent economic stagnation, although perhaps not of a slump so severe that desperate fiscal and monetary measures might be taken to counter it.

Economic strength poses two dangers for them. One is that a rising demand for capital from confident consumers and corporations alike will push up interest rates and will therefore cause bond prices to fall (although returns will rise on new investment). This is a short-term effect, however, and should be fully reversed in any subsequent economic recession.

The second—and more deadly—danger is of inflation. If there is pressure on resources, or governments take monetary risks, inflation will rise; and history shows that what bond investors lose through inflation they never regain.

In fact, there are some signs of rising inflation throughout most of the industrial world, although part of the rise is because of temporary factors such as the absence, this year, of the exceptional oil price fall which benefited inflation rates in 1986.

In Europe, there are indications that the emphasis of economic policy may have shifted slightly from the containment of inflation to a more active attack on the unemployment problem.

And the constantly growing numbers of creditors of the United States are aware that the US, having taken care to borrow in its own currency rather than someone else's, always has the option to inflate its way out of its liabilities—although Alan Greenspan, the new chairman of the Fed, clearly has no intention of following this route, having opened his account with a hike in interest rates.

All the same, the US deficit is sucking in large volumes of capital, thus serving to keep interest rates high around the world. The world's banks are also greedy for new capital to replace resources written off through bad debts.

For the time being, the bond markets appear to be taking most of the strain. Perhaps a higher level of interest rates will attract enough new money to cope with the capital demands, and to help the markets get over their worries about inflation.

But if the problems prove enduring—and economists are now starting to project that the US deficit will begin to rise again, rather than fade away—the impact will become more obvious in the real economy.

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# Optimism emerges

ONE PROBLEM solved, another emerges. Having weathered the summer's fears of overheating in the economy, dealers greeted the onset of the corporate reporting season with some relief. They didn't reckon on Wall Street falling out of bed.

Interest rates rose in the US eight days ago, and when the Transatlantic markets reopened after Labour Day, share prices and bonds fell sharply. That was enough to halt the embryonic rally in London; the FT 100-Share Index, which had been rising for four days and stood over 11 points higher at one stage on Tuesday, collapsed to an 8.6 point loss by the close.

Wednesday was worse. With Wall Street and Tokyo sticky, and talk of a large sell programme in London, a further 25.9 points went scuttling out the window — and that despite the absence of the much-mooted cash call from shipping to property group, Peninsular and Oriental.

Although nerves recovered somewhat on Thursday, the extended account still teetered towards an uncertain close. Come Friday, the publication of an unchanged year-on-year inflation rate was exactly what the pundits predicted, but Siebe's £207m cash call, partially to fund the £138m Barber-Colman acquisition in the US plus news of the US trade figures, rocked the boat. For the week overall, Footsie showed a modest 13.7 pointl oss at 2261.2.

Despite these jitters, however, the prevailing feeling among analysts is that the worst of domestic economic upsets has been weathered — barring, of course, any further Stateside interest rate action. London's earlier resilience to the July trade figures, they point out, suggests that the prospect of a £2bn trade deficit is now well and truly digested.

Next week will find that confidence put to the test. Monday sees the August retail sales and producer prices; Wednesday, the August PSBR figures; Thursday, the labour market statistics; and Friday, the money supply trends for August, plus the bank lending news. Arguably, the start and the end of the week should be the most

## London

price-sensitive; if retail sales show signs of a consumer slowdown, the overheating worries could recede further, and the market is certainly looking for a substantial improvement over the £4.9bn jump in July bank lending, which compounded the summer shakeout.

Nowhere will those figures be watched more closely than in the gilt market. The return on high-coupon longs headed back above the 10 per cent mark midweek, and many marketwatchers suspect that current yield gap will continue to check the equity market's progress. Welcome economic news, although a stride in the right direction, may not be quite enough short-term, however. As brokers Wood Mackenzie point out, there is still the constraint of the forthcoming gilt auction in 11 days' time.

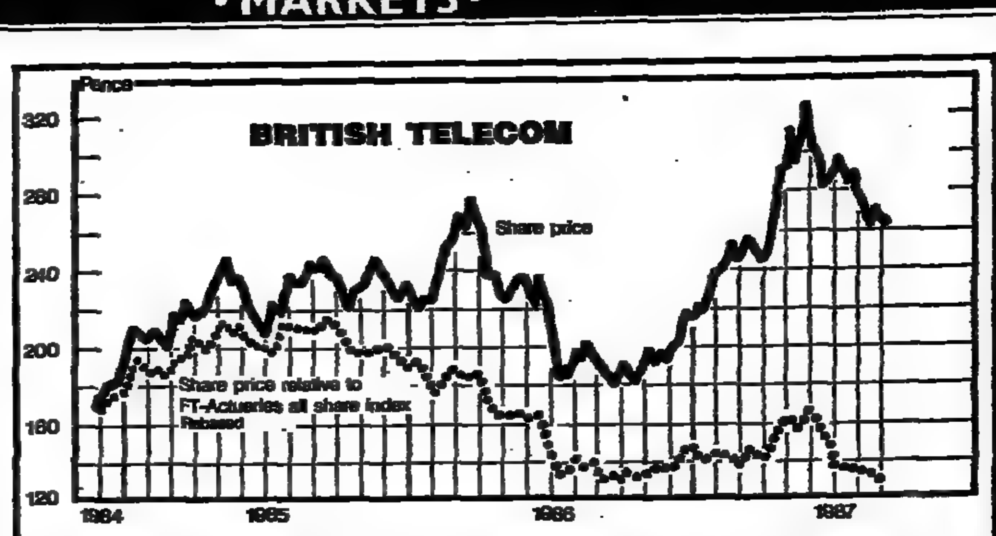
The weight of money argument (or, more precisely, concern about the potential lack of it) also continues to niggle. With Blue Arrow having finally sealed its $1.3bn offer for Manpower, the hefty £837m cash call went ahead last week, with a final subscription date of September 22. The Blue Arrow share price started the week at 166p— slap in line with the rights issue price— but by Friday lunchtime had sunk to 162p. The sight of more burnt figures looks perilously close.

Blue Arrow will be the month's largest single issue, but total calls—including instalments on TSB and Rolls-Royce shares—are set to eat up over £4bn. And with BP, Eurotunnel and the Courage float still to come, small wonder the market didn't put out the flags over Siebe, which is tapping shareholders for the third time in three years.

Still, investors could find some solace on the corporate reporting side. Last week, pre-tax profit advances at the half-time stage included 45 per cent at P&O, 55 per cent at Wimpey, 60 per cent at Cookson, 83 per cent at Rowntree (52 per cent, excluding the impact of the Sunmark acquisition), 38 per cent at BTR, and 13 per cent at Rolls-Royce.

The news, however, was not universally wonderful. British Aerospace saw a £9m dip to £71m pre-tax in the six months to end-June, as the group grappled with higher than expected losses and currency provisions on the civil aircraft side, and increased R & D spending.

The civil side saw a £49m trading loss against a £5m deficit in the first half last time, with BAe blaming about half that figure on to the weaker dollar (including provision for possible currency losses in 1988-89 and 1990), and the remainder on the Airbus project. The other three legs fared better; trading profit on military aircraft (inevitably lumpy) was up 13 per cent at £80m, on weapons and electronic systems 59 per cent higher at £89m, and the space division also became marginally profitable.




The extent to which BAe can squeeze its suppliers—hence passing on the dollar impact—as contracts come up for renewal remains to be seen, although some analysts were taking some heart from the strong financial position and a near £10bn order book. The shares, however, still lost 10p on the week to 492p.

Another privatisation stock, British Telecom, got a mixed reaction when it announced a 11.8 per cent rise in pre-tax profits to £561m in the first quarter — that compares with £502m last time and was in line with City predictions. But it comes against a background of rising criticisms of BT's service and accompanied the surprise resignation of chairman Sir George Jefferson at the company's annual meeting.

The shares, which dropped 7p on the news to 262p, have noticeably underperformed the market recently—partly because they have been viewed as an election stock. The core domestic and international calls side still shows steady growth, but will consumer pressures curtail the cost (and staff) cutting process? With, perhaps, £2.2bn in sight for the full year, the shares are on a cautious prospective p/e of about 11.5.

On the bid front, financials continue to claim most of the action. Hanson Trust, having reassured everyone that the old formula is still applicable with its Kidde acquisition in the States, ruffled a good few feathers by confirming a 5.8 per cent interest in Midland Bank. An outright bid from the conglomerate would seem unlikely on past style, but Lord Hanson is not in the habit of losing money. Talk that overseas banking interests might be interested in approaching the troubled clearer — plus unsubstantiated rumours of a second stake being built up in the wake on the placing of the rights issue rump—have added almost 10 per cent to Midland's capitalisation over the past fortnight, although the shares eased back at the end of last week. Come October, the new Banking Act will rule, and the Bank of England will only be able to bar stakes of 15 per cent plus if the holder fails the "fit and proper" test.

Meanwhile, New Zealander Ron Brierley's opening shot at Equity & Law has taken just one week to flush out another interested party—this time Paris-based Compagnie du Midi, which is topping Mr Brierley by offering 400p a share. Marketmen still reckon there is more to come and E&L shares raced on to 415p.

Hill Samuel—which felt obliged to sack its two corporate finance supremos last week for talking about the possible block movement of their entire department, and lost its former chief executive over the abortive Union Bank of Switzerland talks—must almost wish it was so lucky. Its own shares (an uncomfortable number still in Antipodean clutches) sank back sadly last week—48p lower at 635p.

**Nikki Tait**

## HIGHLIGHTS OF THE WEEK

| | Price y'day | Change on week | 1987 High | 1987 Low | |
|---|---|---|---|---|---|
| FT Ordinary Index | 1,763.8 | —18.3 | 1,926.2 | 1,320.2 | Nervous over US & Japanese trends |
| Acorn Computer | 53 | −14 | 74 | 43 | Sharply increased losses |
| BPB Inds. | 348 | −45 | 442½ | 363½ | Plasterboard competition worries |
| Bolton Textile | 86 | +24 | 108 | 24 | Fischer Pharmaceuticals link-up |
| Bowater Inds. | 515 | −30 | 594 | 338 | Int figures/£89.3m rights issue |
| British Telecom. | 261 | − 8½ | 337 | 209 | Bad publicity/chairman retires |
| Cable & Wireless | 455 | +16 | 469 | 323 | Far Eastern buyer builds 5% stake |
| Cont. Microwave | 275 | +50 | 285 | 160 | Excellent preliminary results |
| Cook (D.C.) | 200 | +27 | 200 | 157 | Acquisition news |
| Equity & Law | 417 | +30 | 417 | 305 | Counter offer from Com. du Midi |
| Hambro Countrywide | 150 | −18 | 181 | 93 | Partial tender offer of 150p a share |
| Hill Samuel | 636 | −47 | 765 | 398 | Corp. Finance chiefs dismissed |
| Interlink Express | 560 | +60 | 575 | 207 | Bumper interim figures |
| London International | 340 | +28 | 430 | 238 | Salomon Bros 'buy' recommendation |
| Polypipe | 433 | +38 | 486 | 166 | Interim results due Thursday |
| Rothmans International | 424 | +38½ | 424 | 177 | Brierley stake-building rumours |
| Rowntree | 544 | −32 | 592 | 402 | Interim results fail to impress |
| Spear (J.W.) | 265 | +26 | 270 | 170 | Allied Entertainments buy 13.4% stake |
| Tyne Tees TV | 623 | +39 | 623 | 251 | Excellent interim results |
| Wellcome | 486 | +38 | 621 | 232 | Increasing availability of Retrovir |

# Fyffes adds some cream to its bananas

NOW YOU see them, now you don't. Two weeks ago, this column gave a breakdown of the 10 largest companies on the USM — since then, the two biggest have announced their intention of leaving the market.

Mrs Fields, the cookie company, this week announced its intention of joining the main market, together with its interim results which slightly disappointed the market, showing a pro-forma rise in pre-tax profits of only 11.6 per cent.

Allowing Mrs Fields on to the main market will require a bending of the Stock Exchange rules. The normal requirement is for at least 25 per cent of a main market stock to be in public hands. But the tax position of Mrs Fields means that the company can only release 20 per cent on to the market.

However, given that Mrs Fields, even after this week's share price fall, is still capitalised at around £350m, the free capital in the group is worth more than the total capital of many full-listed companies.

The second largest group, FII-Fyffes, has already made the transition, with dealings on the main market expected to start on Monday. The Dublin-based fruit importer, famed for its bananas, says simply that a listing will add "increased status and profile."

Is that all it will add? There are some investment institutions which refuse to buy shares in USM companies—although hteir number is declining—and ultra-ambitious companies which need to raise a lot of equity might decide it is not worth cutting off any potential source of funds. It is hard, for example, to see how Blue Arrow could have financed its $1.3bn bid for Manpower if it had remained on the junior markets.

Marian MacBryde, an analyst at Hoare Govett, adds that some companies might benefit if they are particularly specialised. "USM analysts tend to be willing to look at any industry, but the sector specialists tend to restrict themselves to main market companies." A company with a particularly complex story to tell might thus benefit from a full listing.

However, there are advantages in remaining on the USM—a company can get more attention as a big fish in a little pond than part of a whole shoal on the main market. And the acquisition rules are less exacting, although this is only true of small deals that do not change the character of a company.

Corporate pride must play a part in any decision to shift to the main market—a feeling that the group should be up there with the big boys like ICI and Hanson Trust. So junior market followers must resign themselves to losing their brightest stars.

Rivlin, the property company, will be a strong contender to be the USM's largest company once Mrs Fields departs. After the completion of various acquisitions for shares, the group is now valued at around £170m and will be the second largest group on FII's departure.

Another set of USM ratings was produced this month—Deloitte Haskins & Sells' analysis of new issues in the past year. The ratings are designed to show which companies' shares have performed

## Junior Markets

best since flotation and are weighted to reflect the length of time they have been on the market.

Top of the list is the Burford property investment group, which joined the market in March, and the rest of the top 10 in order is: Glentree (the estate agency); Hawthorn Leslie (leisure and electricals), Rockwood (electronics and security), Regina Health & Beauty (royal jelly), Miller & Santhouse (opticians), Misys (computer systems), Blenheim Exhibitions (conferences and exhibitions), Local London (property) and Select Appointments (recruitment).

One new issue that will not be making any list of highfliers is Neilson Leisure, the travel company which planned a flotation on the Third Market. After it became apparent that the company was going to fall short of its flotation profits forecast, sponsor Guidehouse Securities withdrew the issue, and the company is now being sold to Granada for an undisclosed sum. Applicants for shares will receive their money back with interest.

But Expiaura Holdings, the start-up company which aims to quarry limestone in Newfoundland is now definitely joining the unlisted market. Its offer for sale, a rare creature on the USM these days, will be launched this week after some delays in getting the necessary approvals from the Canadian Government. It will be interesting to see whether "new issue" fever, which provoked so much public interest in flotations like Tie Rack and Sock Shop earlier in the year, has survived the summer break and the recent stock market turbulence.

**Philip Coggan**

## INTEREST RATES: WHAT YOU SHOULD GET FOR YOUR MONEY

| | Quoted rate % | Compounded return for taxpayers at 27% | 45% | 60% | Frequency of payment | Tax (see notes) | Amount invested £ | Withdrawals (days) |
|---|---|---|---|---|---|---|---|---|
| **CLEARING BANK*** | | | | | | | | |
| Deposit account | 3.70 | 3.76 | 2.79 | 2.02 | monthly | 1 | — | 0-7 |
| High interest cheque | 6.00 | 6.17 | 4.52 | 3.29 | monthly | 1 | 1,000-4,999 | 0 |
| High interest cheque | 6.30 | 6.49 | 4.75 | 3.45 | monthly | 1 | 5,000-9,999 | 0 |
| High interest cheque | 6.70 | 6.91 | 5.05 | 3.67 | monthly | 1 | 10,000-49,999 | 0 |
| High interest cheque | 7.00 | 7.23 | 5.27 | 3.84 | monthly | 1 | 50,000 minimum | 0 |
| **BUILDING SOCIETY†** | | | | | | | | |
| Ordinary share | 5.00 | 5.06 | 3.81 | 2.77 | half yearly | 1 | 1-250,000 | 0 |
| High interest access | 6.75 | 6.75 | 5.09 | 3.70 | yearly | 1 | 500 minimum | 0 |
| High interest access | 7.00 | 7.00 | 5.27 | 3.84 | yearly | 1 | 2,000 minimum | 0 |
| High interest access | 7.50 | 7.50 | 5.65 | 4.11 | yearly | 1 | 5,000 minimum | 0 |
| High interest access | 7.75 | 7.75 | 5.84 | 4.25 | yearly | 1 | 10,000 minimum | 0 |
| 90-day | 7.75 | 7.90 | 5.95 | 4.33 | half yearly | 1 | 500-9,999 | 90 |
| 90-day | 8.00 | 8.16 | 6.15 | 4.47 | half yearly | 1 | 10,000-24,999 | 90 |
| 90-day | 8.25 | 8.42 | 6.34 | 4.61 | half yearly | 1 | 25,000 minimum | 90 |
| **NATIONAL SAVINGS** | | | | | | | | |
| Investment account | 10.00 | 7.30 | 5.50 | 4.00 | yearly | 2 | 5-100,000 | 30 |
| Income bonds | 10.50 | 8.04 | 6.06 | 4.41 | monthly | 2 | 2,000-100,000 | 90 |
| Deposit bonds | 10.50 | 7.67 | 5.78 | 4.20 | yearly | 2 | 100-100,000 | 90 |
| 33rd issue‡ | 7.00 | 7.00 | 7.00 | 7.00 | not applicable | 3 | 25-1,000‡ | 8 |
| Yearly plan | 7.00 | 7.00 | 7.00 | 7.00 | not applicable | 3 | 20-200/month | 14 |
| General extension | 7.02 | 7.02 | 7.02 | 7.02 | quarterly | 3 | — | 8 |
| **MONEY MARKET ACCOUNTS** | | | | | | | | |
| Schroder Wagg | 6.21 | 6.39 | 4.81 | 3.50 | monthly | 1 | 2,500 minimum | 0 |
| Provincial Trust | 7.34 | 7.66 | 5.77 | 4.19 | monthly | 1 | 1,000 minimum | 0 |
| **BRITISH GOVERNMENT STOCKS§** | | | | | | | | |
| 5pc Treasury 1986-89 | 8.68 | 7.27 | 6.32 | 5.54 | half yearly | 4 | — | 0 |
| 8pc Treasury 1992 | 10.26 | 7.99 | 6.47 | 5.21 | half yearly | 4 | — | 0 |
| 10.25pc Exchequer 1995 | 10.40 | 7.62 | 5.77 | 4.23 | half yearly | 4 | — | 0 |
| 3pc Treasury 1990 | 7.86 | 6.99 | 6.40 | 5.92 | half yearly | 4 | — | 0 |
| 3pc Treasury 1992 | 8.19 | 7.27 | 6.65 | 6.14 | half yearly | 4 | — | 0 |
| Index-linked 2pc 1992¶ | 7.81 | 7.25 | 6.88 | 6.57 | half yearly | 2/4 | — | 0 |

* Lloyds Bank. † Halifax 90-day; immediate access for balances over £5,000. ‡ Special facility for extra £5,000. § Source: Phillips and Drew. ¶ Assumes 4.5 per cent inflation rate. 1 Paid after deduction of composite rate tax, credited as net of basic rate tax. 2 Paid gross. 3 Tax free. 4 Dividends paid after deduction of basic rate tax.

# City is cautious over Guinness

ON THURSDAY, Guinness will be reporting its first interim results on the December year-end basis — and the City is cautiously expecting £170m pre-tax for the six months to June.

While analysts are convinced that Anthony Tennant's new management team is making headway, there is some concern that, in the post-Saunders era, any failure to stand up to the "Scotch lobby" might slow progress. News is also expected imminently of the winner of the auction for the Martins newsagent's chain — bids of around £250m are believed to have been received.

Consolidated Gold Fields on Tuesday should report at least a doubling of full-year pre-tax profits from the previous £110.9m—provided that most analysts are correct in assuming non-recurring income from associate Newmont Mining's issue of shares in subsidiaries comes in above the line. Forecasts on this basis go as high as £243m, with estimates of underlying profits ranging from £195m to £220m.

## Results due next week

United Biscuits' interim results, due on Wednesday, are expected to show pre-tax profits of around £56m, up from £47.6m in last year's first half. Three factors have helped—strong volume growth across the board; the modest cost of raw materials such as flour, edible oils and especially cocoa; and increased "grazing"—eating on the hoof—which has boosted the snacks side.

| Company | Announcement due | Dividend (p)* Last year Int. | Final | This year Int. |
|---|---|---|---|---|
| **FINAL DIVIDENDS** | | | | |
| Abaco Investments | Thursday | 0.05 | 0.1 | 0.1 |
| Armour Trust plc | Tuesday | — | 0.6 | — |
| Benchmark Group | Tuesday | 0.7 | 0.9 | 0.7 |
| Cala | Tuesday | 6.0 | 12.5 | 0.7 |
| Chambers and Fergus | Tuesday | — | 1.2 | 1.0 |
| Consolidated Gold Fields | Tuesday | 8.5 | 18.0 | 9.5 |
| Dalgety | Monday | 5.5 | 7.8 | 6.0 |
| G.T. Japan Investment Trust | Monday | 0.4 | 1.0 | 0.4 |
| Laporte Industrials | Thursday | 3.8 | 6.4 | — |
| Macro 4 | Tuesday | — | 0.7 | 1.1 |
| Merivale Moore | Monday | 1.0 | 2.0 | 1.5 |
| Miller and Santhouse | Tuesday | — | — | 0.7 |
| Mucklow (A. and J.) | Wednesday | 2.4 | 3.0 | 2.6 |
| Northern Ind. Improve. | Friday | 5.0 | 12.8 | 6.0 |
| Precious Metals | Tuesday | — | 0.5 | — |
| Sanderson Murray and Elder | Wednesday | — | 4.5 | — |
| Scholes, George | Tuesday | 4.0 | 7.5 | 4.5 |
| Sigmex International | Tuesday | — | 0.5 | — |
| Star Computer | Friday | — | 1.0 | — |
| Telemetrix | Friday | 0.6 | — | — |
| West Yorkshire Ind. Hos. | Monday | 1.5 | 2.6 | 1.8 |
| Westpool Investment Trust | Thursday | 0.3 | 1.3 | 0.3 |
| **INTERIM DIVIDENDS** | | | | |
| Accord Publications | Monday | — | 2.8 | |
| Addison Consultancy | Wednesday | 0.8 | 1.7 | |
| Antofagasta | Thursday† | 1.2 | — | |
| Baird, William | Thursday | 6.0 | 9.4 | |
| Bearo Industries | Wednesday | 1.8 | 4.5 | |
| Bilston and Battersea | Wednesday | — | 0.7 | |
| Brake Bros. | Monday | — | 1.0 | |
| Breedon and Cloud | Friday | 1.6 | 4.0 | |
| Brent Chemicals | Monday | 1.0 | 3.6 | |
| Bridon | Wednesday | 1.8 | 4.0 | |
| Brixton Estate | Tuesday | 2.6 | 3.9 | |
| Brown Boveri Kent | Thursday | 1.2 | 2.2 | |
| Camellia Investa. | Monday | 6.0 | 8.0 | |
| Candover Investments | Wednesday | 2.0 | 5.0 | |
| Coats Viyella | Wednesday | 2.2 | 5.0 | |
| Croda International | Tuesday | 3.0 | 5.0 | |
| Daniels, S. | Monday | — | — | |
| Desoutter Bros. | Thursday | 2.6 | 5.2 | |
| DRG plc | Wednesday | 3.6 | 5.7 | |
| EIS Group | Monday | 2.0 | 5.5 | |
| Elswick | Monday | — | — | |
| European Ferries | Monday | 4.4 | 14.6 | |
| Falcon Ind. | Tuesday | — | — | |
| Fergebrook | Thursday | — | — | |
| Fisons | Tuesday | 1.3 | 2.0 | |
| Garton Engineering | Thursday | 1.0 | 3.0 | |
| Guinness | Thursday | 2.2 | 2.1 | |
| Hall Engineering | Tuesday | 4.0 | 8.0 | |
| Hall, Matthew | Wednesday | 1.7 | — | |
| Hewitt, J. and Son | Wednesday | 1.0 | 4.0 | |
| Iceland Frozen Foods | Tuesday | 1.2 | 2.5 | |
| International Business Comm. | Tuesday | 0.7 | 2.2 | |
| Jones and Shipman | Wednesday | 1.1 | 3.0 | |
| Lodge Care | Monday | — | 2.0 | |
| Lasmo | Tuesday | — | 7.0 | |
| Macallan Glenlivet | Friday | 1.0 | 2.8 | |
| Magnolia Group | Tuesday | 1.2 | 2.7 | |
| Menders | Thursday | 2.8 | 7.2 | |
| Matthews, Bernard | Tuesday | 1.2 | — | |
| McLaughlin and Harvey | Wednesday | 2.0 | 5.0 | |
| Miss World | Wednesday | 1.5 | 4.5 | |
| Mollus | Thursday | 2.2 | 6.5 | |
| Morrison, William | Friday | 0.4 | 1.2 | |
| MB Cash and Carry | Wednesday | 1.1 | 2.5 | |
| Myson | Monday | 1.5 | 2.5 | |
| Next | Tuesday | 1.3 | 3.7 | |
| Parry Group | Thursday | 1.8 | 4.3 | |
| Pittard Garnar | Wednesday | 1.1 | 4.0 | |
| Polypipe | Thursday | 0.5 | 1.1 | |
| Reckitt and Colman | Thursday | 6.7 | 11.7 | |
| RTZ Corporation | Wednesday | 7.0 | 16.5 | |
| Scottish Heritable | Tuesday | 1.8 | 2.4 | |
| Shires Investment | Tuesday | 2.5 | 6.7 | |
| Simon Engineering | Monday | 2.7 | — | |
| Stewart Wrightson Holdings | Tuesday | 4.2 | 8.8 | |
| Sun Life | Wednesday | 10.4 | 18.1 | |
| Suter | Monday | 1.2 | 2.3 | |
| Travis and Arnold | Tuesday | 1.1 | — | |
| T and S Stores | Tuesday | 0.7 | 1.0 | |
| United Biscuits | Wednesday | 3.5 | 6.0 | |
| Ward White | Monday | 2.2 | 5.2 | |
| Willis Faber | Tuesday | 3.5 | 7.2 | |
| Wilson Bowden | Wednesday | — | — | |
| Wolstenholme Rink | Thursday | 2.7 | 8.2 | |
| Woolworth Holdings | Wednesday | 5.0 | 11.0 | |
| Wyevale Garden | Wednesday | — | — | |

* Dividends are shown net pence per share and are adjusted for any intervening scrip issue. † Per share gross.

## COMPANY NEWS SUMMARY

### TAKE-OVER BIDS AND MERGERS

| Company bid for | Value of bid per share** | Market price** | Price before bid | Value of bid £m's** | Bidder |
|---|---|---|---|---|---|
| | Prices in pence unless otherwise indicated | | | | |
| Appledore (A.&P.) | 407 | 369 | 232 | 14.37 | Highlnd Partics |
| Barham Group | 253§ | 248 | 212 | 72.36 | Intl Bus Comms |
| Buckleys Brewery | 185*§ | 183 | 175 | 27.55 | Brodien |
| Cheshire Whlfds | 280* | 270 | 255 | 14.22 | Wessanen |
| Country & New T | 197*§ | 190 | 190 | 89.42 | Pennant |
| CPU Computers | 92* | 88 | 89½ | 14.92 | Scoa |
| Deritend Stmpng | 687 | 623 | 545 | 36.23 | Christy Hunt |
| Equity & Law | 385*§ | 415 | 350 | 386.46 | Brierley Invs |
| Equity & Law | 400* | 415 | 350 | 401.60 | Cmpgnie Du Midi |
| Guinness Peat | 110* | 111 | 111 | 342.78 | Equiticorp |
| Hampton Trust | 120* | 127 | 116 | 100.00 | Aurora |
| Hunslet | 630 | 610 | 485 | 7.56 | Telfos |
| Kent (John) | 120 | 116 | 105 | 14.40 | Redevco |
| Laidlaw | 288† | 280 | 214 | 24.59 | Goode Durrant |
| Lewmar | 128 | 130 | 140 | 30.51 | Priest (Benjamin) |
| Mercantile Hse¶ | 600§ | 541 | 488 | 566.80 | Brit & Comwlth |
| Miss Sam¶ | 192 | 192 | 192 | 30.72 | Blacks Leisure |
| Pres Entertainm't | 286§ | 280 | 241 | 61.74 | Pleasurama |
| Sims Catering | 165*§ | 420 | 145 | 6.15 | Mr R. Randell |
| Stewart Wrightsn | 559§ | 558 | 500†† | 246.85 | Willis Faber |
| Stockley¶ | 138 | 150 | 124 | 328.13 | Mountleigh |
| Stone Intnl | 106 | 103 | 154½ | 36.69 | FKI Electricals |
| Stothert & Pitt | 216 | 212 | 117 | 21.00 | Hollis |
| Tech for Business | 179 | 178 | 149 | 7.27 | Comb Lease Fin |
| TR Pacific Basin | ¶¶ | 300 | 303 | 241.00 | Thornton Pacific |
| Woodhse & Rixson | 123 | 114 | 91 | 14.72 | Jhnsn & Fth Bwn |

* All cash offer. † Cash alternative. ‡ Partial bid. § For capital not already held. ¶ Unconditional. ** Based on 2.30 pm prices 11/9/87. †† At suspension. §§ Shares and cash. ¶¶ Related to NAV to be determined. ||| Loan stock. ‡‡ Suspended.

### PRELIMINARY RESULTS

| Company | Year to | Pre-tax profit (£000) | | Earnings* per share (p) | | Dividends* per share (p) | |
|---|---|---|---|---|---|---|---|
| Alumasc | June | 5,030 | (2,770) | 28.2 | (15.8) | 7.5 | (—) |
| Anglo Amer AG | Dec | 278 | (175) | — | (—) | — | (—) |
| Armitage Bros | May | 615 | (453) | 10.8 | (6.3) | 4.6 | (3.5) |
| Brett Andre de | Mar | 55 | (168) | 1.1 | (1.7) | — | (0.2) |
| Caniers | Apr | 2,240 | (976) | 23.3 | (12.7) | 3.0 | (—) |
| Continental Micr | June | 1,280 | 963 | 12.5 | (9.2) | 2.8 | (2.2) |
| Control Sec | Mar | 606L | (3,380)L | — | (—) | — | (—) |
| Copson F. | Apr | 112 | (148) | — | (—) | 1.7 | (1.7) |
| DFCE | June | 5,370 | (3,956) | 11.1 | (7.6) | 2.2 | (1.8) |
| Electron House | May | 945 | (681) | 9.1 | (1.6) | 3.6 | (3.4) |
| Framlington | June | 6,470 | (4,700) | 59.6 | (43.4) | 15.0 | (9.0) |
| Flextech | May | 258L | (2,070) | — | (6.2) | — | (—) |
| Haggas, John | June | 4,000 | (2,680) | 13.0 | (10.0) | 3.0 | (—) |
| Haynes Pub | May | 1,880 | (1,560) | 23.0 | (19.0) | — | (3.0) |
| Ifico | June | 1,700 | (1,150) | 6.6 | (4.7) | 3.0 | (1.5) |
| Interlink | June | 4,700 | (2,600) | 19.4 | (11.0) | 3.5 | (—) |
| Isotron | June | 1,580 | (1,480) | 9.0 | (8.5) | 1.8 | (1.5) |
| London Merchant | Mar | 16,840 | (17,210) | 5.5 | (4.8) | 2.8 | (2.5) |
| Magnetic Material | June | 1,760 | (1,330) | 7.5 | (6.3) | 2.9 | (1.9) |
| Memory Computer | June | 560 | (308) | 1.5 | (0.8) | — | (—) |
| Ricardo Con | June | 1,370 | (2,770) | 6.0 | (11.6) | 2.2 | (2.2) |
| Second Alliance | July | 6,270 | (5,770) | — | (—) | 21.0 | (18.5) |
| Sirdar | June | 6,000 | (10,300) | 7.3 | (13.7) | 4.6 | (4.6) |
| Thompson T-Line | Apr‡ | 760 | (269)L | — | (—) | 3.0 | (—) |
| Walker, Thomas | June | 329 | (273) | 3.6 | (2.5) | 1.1 | (0.9) |
| Wood John | Apr | 1,160 | (756) | 9.6 | (5.7) | — | (—) |

### INTERIM STATEMENTS

| Company | Half-year to | Pre-tax profit (£000) | | Interim dividends* per share (p) | |
|---|---|---|---|---|---|
| Abbeycrest | June | 361 | (273) | 0.6 | (0.5) |
| Abbott Mead | June | 1,250 | (1,060) | 1.8 | (1.5) |
| Acorn Computer | June | 1,380L | (140)L | — | (—) |
| Admiral Computers | June | 621 | (328) | — | (—) |
| Amari | June | 3,860 | (3,470) | 3.1 | (3.0) |
| ASD | June | 1,520 | (1,210) | 4.5 | (4.0) |
| Assets Trust | June | 704 | (519) | 1.5 | (1.0) |
| Assoc Brit Ports | June | 13,300 | (11,000) | 2.5 | (2.0) |
| Barker & Dobson | July | 7,200 | (481) | 1.5 | (—) |
| Bestwood | June | 968 | (947) | — | (—) |
| BICC | June | 60,400 | (47,000) | 4.0 | (3.5) |
| Black A. & C. | June | 324 | (314) | 3.7 | (3.5) |
| Blackwood Hodge | June | 3,530 | (2,720) | 0.6 | (0.5) |
| Blue Circle | June | 59,700 | (35,620) | 5.0 | (3.0) |
| Bodycote | June | 3,710 | (1,910) | 2.0 | (1.6) |
| Booker | June | 25,830 | (21,380) | 5.4 | (4.7) |
| Bowater | June | 17,300 | (18,770) | 5.2 | (4.0) |
| Bramall C. D. | June | 3,630 | (2,060) | — | (—) |
| Bread Street | Apr | 281 | (583) | — | (—) |
| British Aerospace | June | 71,000 | (80,000) | 6.9 | (6.4) |
| British Telecom | June† | 561,000 | (494,800) | — | (—) |
| British Vita | June | 13,100 | (4,450) | 4.0 | (2.7) |
| BTR | June | 280,000 | (203,000) | 4.2 | (3.5) |
| Burmah Oil | June | 51,000 | (37,600) | 6.0 | (4.5) |
| Campari Int'l | May | 524 | (95)L | 1.5 | (0.5) |
| Canning W. | June | 3,540 | (1,320) | 1.3 | (1.2) |
| Cookson | June | 68,800 | (43,000) | 4.0 | (2.7) |
| Cooper, Alan | June | 976 | (727) | 1.5 | (1.5) |
| Carton Beech | July | 806 | (202) | — | (—) |
| Costain | June | 20,900 | (21,200) | 3.6 | (3.5) |
| Crowther John | June | 6,700 | (1,010) | 1.2 | (1.0) |
| Delaney Group | June | 867 | (399) | 1.1 | (0.9) |
| Emess Lighting | June | 2,530 | (510) | 2.8 | (2.3) |
| Elys (Wimbledon) | Aug | 162 | (2) | 1.0 | (1.0) |
| Edwin Group | June | 902 | (—) | 1.6 | (—) |
| Expamet Int'l | June | 3,250 | (2,250) | 3.0 | (2.7) |
| Fitch & Co | June | 1,020 | (745) | 2.5 | (2.2) |
| Forward Tech | June | 925 | (420) | — | (—) |
| Friendly Hotels | June | 544 | (171) | 0.7 | (0.5) |
| Gibbs & Dandy | June | 382 | (268) | 1.0 | (—) |
| Goal Petroleum | June | 498 | (209)L | — | (—) |
| Hall R. & H. | June | 1,320 | (1,500) | 1.0 | (1.0) |
| Hambro C'trywide | June | 10,700 | (6,200) | 0.8 | (—) |
| Hawley | June | 30,700 | (15,190) | — | (—) |
| Hepw'th Ceramics | June | 26,060 | (17,660) | 3.6 | (3.1) |
| Hestair | July | 5,030 | (1,910) | 2.0 | (1.7) |
| Hibernian | June | 2,470 | (685) | 1.3 | (—) |
| Home C. Nwspapr | July | 1,150 | (746) | 2.5 | (1.6) |
| Hyman | June | 952 | (873) | 0.7 | (0.7) |
| Ibstock Johnsen | June | 16,390 | (6,500) | 1.5 | (0.8) |
| IMI | June | 40,100 | (30,500) | 2.7 | (2.5) |
| Instem | June | 154 | (480) | 1.0 | (1.0) |
| Invergordon Dis | June | 2,590 | (2,120) | 1.7 | (1.5) |
| Jebsen Drilling | June | 5,800L | (11,300)L | — | (—) |
| Laing, John | June | 13,200 | (12,000) | 2.0 | (1.7) |
| Linread | June | 1,060 | (623) | 1.2 | (1.0) |
| London Unt Inv | June | 5,330 | (3,780) | 7.5 | (6.4) |
| Lopex Comm | June | 2,030 | (1,510) | 2.0 | (1.8) |
| Lyon & Lyon | June | 291 | (210) | 1.5 | (1.5) |
| Mallett | June | 1,580 | (1,320) | 1.3 | (—) |
| MBS | June | 755 | (1,280)L | — | (—) |
| Mersey Docks | June | 1,260 | (970) | — | (—) |
| Minty | Aug | 274L | (112)L | — | (—) |
| More O'Ferrall | June | 2,770 | (2,050) | 1.8 | (1.3) |
| Moss Bros | Aug | 475 | (348) | 2.3 | (1.8) |
| Mrs Fields | June | 4,220 | (3,710) | — | (—) |
| MTM | June | 1,810 | (1,387) | 1.0 | (—) |
| Neil James | June | 3,829 | (748) | 3.0 | (2.5) |
| Nurdin & Peacock | July | 3,170 | (4,810) | 1.6 | (1.6) |
| P & O | June | 101,100 | (69,800) | 9.0 | (7.5) |
| Persimmon | June | 4,780 | (2,020) | 3.0 | (2.1) |
| Photofax | June | 54L | (161)L | — | (—) |
| Provident Fin | June | 6,610 | (5,670) | 4.5 | (4.0) |
| Prudential | June | 103,000 | (67,200) | 11.5 | (10.0) |
| Richdsn Westg'th | June | 90 | (25) | — | (—) |
| Rolls-Royce | June | 60,000 | (53,000) | 1.7 | (—) |
| Rowntree | June | 38,100 | (20,800) | 5.0 | (4.4) |
| Savoy Hotel | June | 6,430 | (5,030) | — | (—) |
| Sedgwick | June | 81,000 | (92,600) | 4.0 | (4.0) |
| Sherwood Computr | June | 709 | (480) | 1.5 | (1.2) |
| Tech Project | June | 576 | (404) | 1.3 | (0.7) |
| Torday & Carlisle | June | 403 | (318) | 2.3 | (1.9) |
| Tozer Kemsley | June | 12,180 | (7,080) | 0.6 | (—) |
| Tricentrol | June | 3,800L | (2,100)L | — | (—) |
| Turner & Newall | June | 36,300 | (9,080) | 2.7 | (2.5) |
| Tyne Tees TV | June | 2,550 | (1,690) | 7.5 | (3.7) |
| Wilkes James | June | 384 | (283) | 3.3 | (3.0) |
| Wimpey George | June | 35,400 | (22,800) | 2.0 | (1.0) |

(Figures in parentheses are for the corresponding period.)

* Dividends are shown net pence per share, except where otherwise indicated. † First-quarter figures. ‡ First figures are for 16 months. L Loss.

### RIGHTS ISSUES

**AAF Investment Corporation** plans to raise £3.9m via a rights issue. 1.42m shares will be offered on a nine-for-100 basis at 280p.

**Allied London Properties** has announced a £40m rights issue.

**Associated British Engineering** is to raise £4.45m via a rights issue on a five-for-two basis.

**Blue Arrow** has cleared the way for an £837m rights issue.

**Bowater** is raising £89m via a rights issue.

**British Vita** is to raise £42m via a one-for-five rights issue at 475p.

**Ensign Trust** plans to raise £47m via the issue of 49m shares at 70.3p

**Forward Technology** is to raise £5.4m via a rights issue.

**Hyman** is to raise £3.8m via a rights issue on a one-for-three basis at 40p.

**MacCarthy** is to raise up to £51.5m via a one-for-one rights issue.

# Bulls unchecked

## Wall Street

WHOEVER said that no news is good news? These days, all news is good news, no matter how bad it is. This was the main lesson to be drawn from this week's action on Wall Street.

Ever since the painful increase in the Federal Reserve Board's discount rate two weeks ago, there has been only one question on everybody's mind in the US equity market: How much worse can monthly trade figures possibly get than the record June deficit of $15.71bn announced last month?

Yesterday the markets got their answer—quite a lot worse. The July deficit was $16.47bn, which translates into an annual rate of just under $200bn. Although most brokers said they were expecting another disastrous set of figures for July, $16.47bn was still well towards the top of market expectations.

Officially, these expectations varied from $13bn to $17bn, according to the authoritative survey conducted every week by Money Market Services of Redwood City, California. In reality, the market had gradually persuaded itself that the July trade figures could turn out to be less bad than the June record. Many equity dealers felt in their bones that things could hardly be as bad as the manic-depressives in the bond and currency markets were anticipating.

And even in these markets the gloom seemed to be lifting slightly. Not only were the dollar and the Treasury long bond stabilising, but even the economists were shading their estimates of the trade deficit downwards. By Thursday, according to 15 economists questioned by the Dow Jones capital markets survey, the average forecast for the July deficit was $15.6bn, a marginal improvement on the June figure of $15.7bn.

Yet when the awful truth was revealed yesterday, the stockmarket's reaction was immediate and positive. Not even for an instant did the equity punters suffer the self-doubt of the currency dealers, who hit the dollar down 1½ per cent, from Y143.15 to Y141.10, within five minutes of the trade announcement. The equity market opened some 14 points up and continued to push gradually but confidently higher throughout Friday morning.

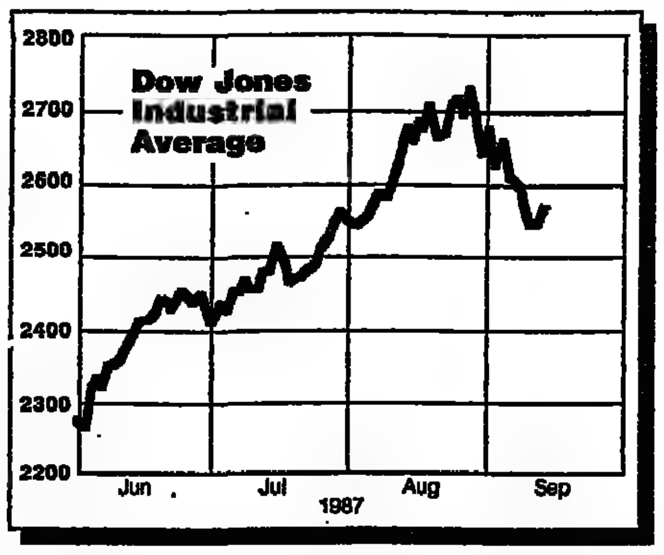
It can be argued, of course, that quibbles about the odd billion on the trade deficit is totally irrelevent to an analysis of the forces currently at work in the stockmarket. By Tuesday this week, Wall Street had suffered a 6.5 per cent drop from the record of 2722.43 which the Dow Jones Industrial average hit on August 25. This was the market's worst correction since the last run-up in US interest rates, the one which took place in April.

This time—what with the June trade figures, the hike in discount rate and the occasional signs of panic in the bond and currency market—there was the faintest whiff of fear appearing among equity investors.

Even among the overwhelmingly bullish technical tacticians, there was a widespread view developing that 2550 on the Dow could prove a key suport level. If the 2550 mark was decisively breached, a much more serious correction could develop, taking the market down another 10 per cent to around 2350. On Tuesday, as Goldman's bearish judgment spread through the market, the Dow fell below 2550 and some real selling pressure built up.

For the first time in the last fortnight's market correction, trading volumes were climbing towards record levels and fear began to raise its ugly head. By lunchtime the Dow had fallen by 2 points, to below 2500 for the first time since July and then the market suddenly "turned on a dime."

Having reversed two-thirds of the morning's decline, the market closed only 16,28 points down on Tuesday. Significantly, the closing level of 2545.12 was not viewed by the chartists as the much-feared breach of technical support levels, especially considering the market had closed on a clear uptrend. With the modest rises on Wednesday and Thursday, the technical optimism seemed to be confirmed. The market had found a solid floor.




In view of this technical support, it is hardly surprising that Wall Street found it so easy to digest the nasty July trade figures. The fact that similar bottom building operations have been going on in the foreign exchange markets was equally reassuring. The currency speculators have tried repeatedly to push the dollar decisively below Y140 and DM 1.78, and they appear to have failed. Does all this mean, then, that the great bull-market is intact and perhaps even healthier than ever after the past few weeks' shakeout? That seems again to be the prevailing view on Wall Street but among all the charts and technical analysis of trends and bottoms it is easy to lose sight of some of the less encouraging fundamental changes.

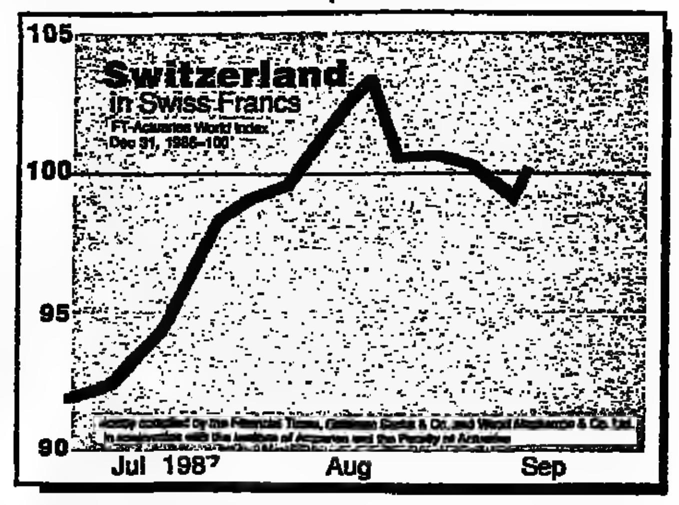
The US trade deficit may soon start narrowing, but it is never going to be closed at anything like the dollar's current exchange rate. And if interest rates are really in a long-term cyclical upswing, as virtually everybody in the US now seems to believe, they are not going to come down again until the next recession. The Dow may or may not hit new highs in the immediate future, but by the time the next recession hits, the Dow is likely to be much lower than it is today.

| | | |
|---|---|---|
| MONDAY | Market closed | |
| TUESDAY | 2,545.12 | −16.26 |
| WEDNESDAY | 2,549.27 | + 4.15 |
| THURSDAY | 2,576.05 | +26.78 |

**Anatole Kaletsky**

# Flavour of the month

## Switzerland




THE OVERALL environment might not at present look particularly rosy for the Swiss equities market. The dollar is very low in terms of the export-oriented Swiss franc, economic growth at home seems to be slowing down, and domestic interest rates are showing signs of rising. But despite this—and the recent weakness of Wall Street—share prices have been running at or close to all-time highs.

A record was broken at the end of last week when the Swiss Bank Corporation index reached a peak of 702.2 points. This led to an initial bout of profit-taking in the following few days but since then prices have made up most of their losses. By the close of Friday trading, the index was back to over 696.

The latest upswing has been due, not least of all, to a run on registered shares. This category, which accounts for about one-third of total market capitalisation, has traditionally lagged behind bearer stock, given its limited negotiability. Most Swiss companies do not enter foreigners into their share registers, while there have been numerous cases where registration has been refused to "undesirable" Swiss shareholders.

This has meant a noticeable gap between the price of bearer shares and participation certificates on one hand, and registered shares on the other. This widened substantially last year to the point where the average quotation for bearer equities was some 138 per cent of that for registered shares of the same company.

Although this anomaly has become less marked during the course of 1987, the difference is still in the region of 25 per cent. This also means that yields of registered shares are substantially higher than those on the other categories. Today, registered stock yields an average 3.15 per cent, compared with little more than 1.7 per cent for bearer equities. The price-earnings ratio is 20, as against nearly 33.

It was basically this favourable price constellation that has made registered stock the flavour of the month on Swiss exchanges. Within a single week, that of major industrials jumped by anything up to 10 per cent (for Nestlè) or even 19 per cent (for Von Roll). Demand appears to have come particularly for Swiss institutional investors.

While foreigners are practically barred from this sector of the market, many of them have had every reason to rejoice. Late last year, a number of banks, prominently among them the small but lively BZ Bank Zuerich, had pioneered the issue of covered warrants against specific registered shares in Switzerland. This provided a welcome opportunity for foreign investors to hitch a ride on the promising registered shares for three years or so, even though they will not be able to convert the warrants into stock at maturity.

These warrants shot up in price much more rapidly even than the shares on which they are drawn. Last week alone, for example, various covered warrants on Nestlé's registered shares jumped by between 46 and 67 per cent.

One theory is, in fact, that the original shareholders, whose registered equities are pooled on blocked accounts against the warrants, are buying up extra shares on the market to make up for those they will in time yield up to the eventual warrant-holders.

It has, however, not only been registered shares that have made the Swiss stock market as strong as it is today. Bearer equities are not far from record levels themselves

It seems unlikely that there will be any major setback in the near future. Domestic liquidity, especially on the part of institutional investors, remains very high, while there is no lack of foreigners interested in a possible curreny gain (and further price increases) on Swiss franc holdings.

Quite apart from recent stimulating rumours — including, for the umpteenth time round, the claim that Nestlé is about to buy up Hoffmann-La Roche — corporate prospects look generally fair to good, even in the face of the waning dollar.

It seems certain that 1987 will be a new boom year for the stock exchanges all round in Switzerland. In the first seven months alone, securities turnover in Canton Zurich — made up largely of stock-exchange trades — reached SFr 373.7bn. This was a good 20 per cent higher than the figure for the whole of 1984. Overall market capitalisation for 417 shares is now running at more than SFr 242bn.

**John Wicks**

# Australian gold fever strikes again

## Mining

WITHOUT EVEN a hint of hyperbole, people are calling it Australia's third gold rush. They are referring to the recent flood of investment into Australian gold shares, the explosion of bullion output, and of course the pile of profits.

Some idea of the extraordinary share market trend can be gleaned from the course of the Australian Stock Exchange's gold index, covering gold mining companies. It doubled from under 1,000 in January, 1986 to just under 2,000 a year later, and that was just the start.

By April this year, it had soared to 3,460. Though it fell back to 2,820 in June after a 10 per cent fall in the world gold price, the index latterly has again reached new records, touching 3,990 earlier this month and finishing at 3,958 yesterday.

On the production front, the trend is equally extraordinary. Total Australian gold production has been virtually doubling every two years since 1980. In 1987, aggregate production will increase by around 40 per cent to 105 tonnes.

By 1990 Australia, the US and Canada will each be producing about 140 tonnes per year. That is higher than the levels of the previous two gold rushes in the 1850s and 1900s, and more than any western country other than South Africa, which is likely to continue to outstrip its competitors with an annual production of 650 tonnes.

Taken together with output from vast projects in Papua New Guinea, for which Australian companies are largely responsible, total Australasian gold production will be close to 200 tonnes by 1990. By then, too, gold will become Australia's principal export earner along with coal and wool.

Behind the trend is a mix of factors. A weaker Australian dollar, not to mention the helpful absence of corporate tax, have transformed the economics of Australian gold mining as the international bullion price has risen.

With production costs of less than $200 per ounce and the gold price currently $460, the fundamental profitability of many Australian companies appears strong enough to withstand significant bullion price falls.

At the same time, uncertainty over South Africa's political evolution has inevitably focused attention on other producing countries — not just Australia.

But of greater immediate importance have been capital inflows from Japan, the US and Europe. Worries about the US dollar, and the outlook for interest rates and inflation, have encouraged a diversification of assets, and this trend can have a potentially dramatic impact on the price of gold and of gold shares.

According to BZW Meares, a local Australian broker, a divestment of a mere 0.5 per cent of the capitalisation of the world's share market, or of just 0.9 per cent out of US bonds, would soak up the last 10 years' worth of gold investment purchases.

In the Australian share market, gold has thus emerged as a major force. Last month, price-earnings ratios of gold stocks were almost double the market average of 14, while in June gold shares accounted for 6.8 per cent of total capitalisation compared with only 1.6 per cent a year earlier.

Some of the bigger companies are meanwhile acquiring the status of major world producers. They include Western Mining, Placer Pacific, North Kalgurli Mines, BHP Gold, Newmont Australia, CRA, Bougainville Copper, Australian Consolidated Minerals, and Kidston.

Indeed, rationalisation in the industry together with exploration discoveries means that the traditional characteristics of Australian gold companies—namely, small production and short reserve lives — are becoming less important.

A total of 15 companies now have reserves in excess of 1m ounces. In the view of BZW Meares, the country has about 30 "exceptional" gold deposits with large reserves or high grades, and about 10 "good" quality deposits.

The firm also believes that the recovery of blue-chip gold stocks since the shake-out of May and June means there are signs that a two-tier gold market is now emerging. So, middle-sized companies currently offer better value to investors.

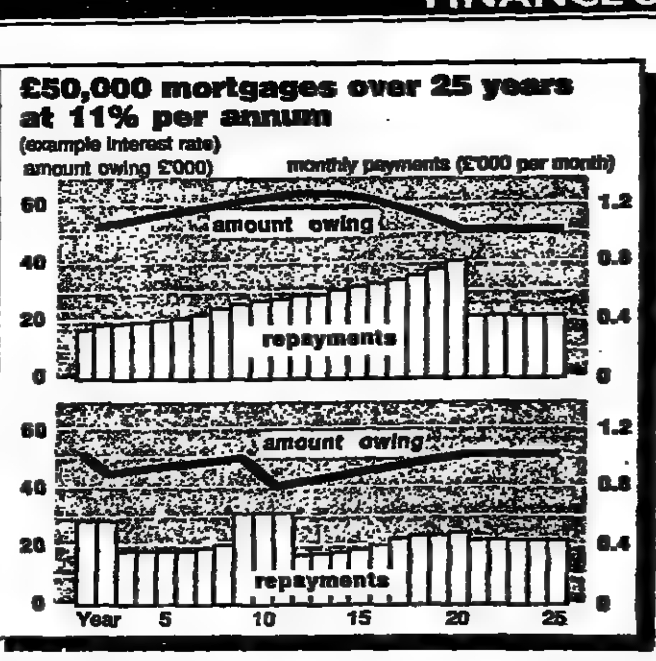
All this stands in sharp contrast to the picture for other perhaps the base metals sector, Australian resources, save where share prices have been helped by improved prices for commodities like copper and aluminium.

The greatest casualties among resource stocks in the generally booming Australian share market have been for coal companies. Plummeting world prices and difficult markets have made prospects bleak.

**Chris Sherwell**

John Edwards examines a flexible new scheme

# Mortgage pain can be eased




WITH *house prices soaring*, the size of mortgages and the monthly repayments required can be frighteningly large, especially when you are on the first rungs of the house buying ladder.

The pain can be eased, however, if you can vary the payments in line with changes in your *financial circumstances*. That is the basic idea behind the Flexible Mortgage scheme launched by NM Home Loans, a newly created subsidiary of the National Mutual Life Association of Australia, the banking group which took over Schroders unit trusts, life assurance and pensions last December.

Under the scheme you can vary considerably the monthly *repayments of your mortgage*. You can choose the low start payment option, under which *for a period of* years initially your monthly repayments can be cut by nearly 30 per cent below the normal level.

This means that you might well be able to take out a bigger home loan in expectation of paying out more later when your income has risen. It is an attraction not only for first time buyers but *also for existing* houseowners seeking to trade up quicker than they might normally have been able to afford.

Alternatively, you can choose to make variable monthly repayments, again to meet your current and future income. A married couple with two incomes, for example, might choose to pay above average amounts initially in expectation of reducing payments later when they decide to start a family and so suffer the loss of one income.

A third option is the level-only payment scheme where monthly payments are stabilised and adjusted only annually or for any changes in interest rates.

You can chop and change as much as you like between the various options. But of course *you do pay extra for the* increased flexibility. The basic interest rate charged by NM Home Loans for the flexible payment option is increased by 0.375 per cent above the normal variable rate (currently 11.25 per cent).

However, there is a special offer for any loans taken out before the end of the year. For the first year, the interest rate will be reduced by 0.50 per cent for flexible payments and by 0.35 for level-only payments.

There are several other *sweeteners in the package. One* is that you can open a reserve account, in addition to your *home loan, which guarantees* you instant loans for any non-speculative purpose when required. *For example, you might* borrow 60 per cent of a £60,000 house, but keep a further 20 per cent as a reserve facility on which you can draw at any time, paying only the home loan interest rate.

This can be very useful as an extra source of funds at a very competitive rate of interest — even below a gold card rate — that could pay *something* like school fees. However, it is not a free service. You are charged 0.25 per cent a year *of* the value of the amount pledged in the reserve account.

Another sweetener *is* the self-certification scheme, under which you can get up to 70 per cent for flexible payments and 75 per cent for level-only payments without having to wait *for references*. You can also obtain a certificate of a mortgage offer specifying the *amount you can borrow, subject* to valuation of the house you are proposing to purchase. A *useful advantage when you are* bidding against someone else and need to act quickly.

Under the Flexible Payment scheme, you can borrow as much as 3.5 times your primary annual income, plus one time any secondary income. This is higher than usual, and you can choose to make lower repayments *if you encounter difficulties*.

For the level-only payments scheme, *you can borrow up to* three times your primary income, plus one time secondary income. But for both schemes you can borrow up to 2.75 times a joint income, providing both incomes are stable.

The minimum loan available is £25,000 and the maximum £250,000. However, the schemes are available for endowment or pension mortgages, with policies taken out through NM Schroder. *The group offers* both traditional and unit-linked plans.

# Float sunk

THE thousands of holiday-makers who have had their annual vacations ruined by a sudden change of plans by their tour operator could be forgiven for sniggering.

Holiday group Neilson Leisure has been forced, at the last minute, to abandon its plans to float on the Third Market. Instead, it is being acquired by the Granada group.

Neilson announced plans in July to raise about £1.8m through an offer for subscription under which investors would qualify for tax relief via the Business Expansion Scheme. But the *company's trading* record was extremely patchy—veering from a profit of £785,000 *in 1983 to a loss of £1.13m* the following year, a profit of £461,000 in 1985 and a further loss of £199,000 last year.

To assuage doubts about the company's prospects, it made a profits forecast of £350,000 for the current year ending October 31. As the offer proceeded, however, it became increasingly obvious that the group would fall short of its forecast.

That left Guidehouse, the sponsor, in a *tricky* situation. BES company sponsors depend more than most on maintaining *a good reputation with investors*. Had the issue gone ahead and the results been disappointing, the share price would have plunged, creating a large coterie of aggrieved investors.

So Granada stepped in with an offer which (although it is not disclosing the precise sum) was below the planned market capitalisation of £5.6m. As a result, Guidehouse is returning cheques, with interest, to those investors who applied for shares.

The issue is hardly an auspicious augury for the future of BES companies on the Third Market. By their nature, BES *issues are riskier investments* than most, and issues are frequently withdrawn for one reason or another. But the abandonment of a stock market flotation is a much more public event and future sponsors may well wish to be spared the embarrassment suffered by Guidehouse.

Given that BES investors cannot sell their shares for five years without losing their tax relief, the arguments for bringing BES companies to the Third Market are fairly theoretical. Perhaps it would be best, as John Dodsworth of Chancery Securities has suggested, for BES companies not to join the market until they have operated under the scheme's rules for at least three years. After that, they can change their trade or be taken over without investors losing their tax relief.

**Philip Coggan**

Plan managers cautious over Chancellor's 'sweetener'

# Cool shoulder to PEPs ploy

THE Chancellor of the Exchequer's latest ploy to "sweeten" personal equity plans (PEPs) announced this week received a lukewarm reception from leading plan managers.

Nigel Lawson told a meeting of the Wider Share Ownership Council that preferential treatment in the coming British Petroleum privatisation issue would be extended to the 165,000 holders of PEPs. Under the BP offer, potential investors *registering with the Share* Information Office before the cut-off date (yet to be revealed, although it is likely to be early in October) will be guaranteed an allocation of shares.

PEP fund managers have lost out on previous privatisation issues because they have been treated as institutional buyers and, therefore, not received the special allocations made to individual investors, as part of the campaign to widen share ownership.

Lawson's concession means that with the BP offer managed PEP funds will be treated in the same way as private individual investors, even though the shares are held under nominee names.

However, there is a complication. The Treasury said the rule forbidding multiple applications for the BP issue would still apply. But managers running discretionary PEP schemes would be under no obligation to inform holders of any intention to apply for BP shares, and individual holders would be under no obligation to ask the fund manager either.

This would get round the ruling that it is illegal for more than one application for privatisation issues to be "made knowingly." So, providing they don't ask, investors in a discretionary PEP may well be able to obtain two BP share allocations—one by direct application and one via the PEP scheme where they are beneficial owners.

It is a different matter with non-discretionary PEP schemes, where the investor chooses the shareholdings. In that case you will obviously know of the PEP purchase of the BP issue and will not be able to apply separately on an individual basis.

*However, leading* PEP fund managers were far from convinced that they would be taking advantage of the concession.

Barry Bateman of Fidelity said that until the terms of the BP offer were known, it could not be assumed their PEP fund would be interested in buying. The way things were going BP might not turn out to be an attractive issue. There was a danger that so many people would register for *a guaranteed* allocation that, like the BAA issue, the number of shares allocated would be too small to be worth bothering about.

Derek Booker of Lloyds Bank *said they too would* want to see what the preferential terms are before making any decision.

Ken Emery of Save & Prosper commented that from the investor's point of view the PEP concession did not offer anything extra. Anyone could register for the BP issue direct.

He could see a problem for PEP managers if, as expected, the BP offer was a partly-paid issue. They were expected to be fully invested after the first year. Would they be permitted to hold a cash reserve or be forced to sell *other* stocks to take advantage of any loyalty bonuses that might be offered by BP?

The Treasury said it plans to send a circular shortly to all PEP managers, detailing the Chancellor's intentions.

Meanwhile, the fact that Lawson has at least made some effort to improve PEPs is likely to intensify *lobbying by* the groups for changes to make the scheme more attractive to the public and easier to run.


Nigel Lawson . . . concession

The 165,000 PEPs sold so far this year is well below the Government's initial target of 500,000 although there is likely to be a renewed surge of interest before the end of the year to take advantage of the tax concessions the scheme offers.

Fidelity recently wrote to the Chancellor urging him to make PEPs more attractive for first-time investors. It said that the majority of PEPs had been taken out by wealthier investors to save on Capital Gains Tax.

To encourage ordinary people to use PEPs, Fidelity suggested two major improvements.

- Allowing the whole investment into a PEP to be a deduction against basic rate tax only; and
- A reduction in PEP "bureaucracy" which at present makes the schemes administratively difficult and expensive to run, thus increasing the charges made.

Bateman *recognises* that the Government is unlikely to grant the full tax concession sought, because of the cost. However, he feels that a good compromise would be the standard rate concession to be given only on the first £500 invested in a PEP. This would cut the cost to the Treasury while, at the same time, providing a real tax incentive.

Even if the Chancellor is not prepared to make further tax concessions, PEP groups feel there is a strong case for *relaxing some of the rules* and restrictions that make the cost of running the schemes so high.

*There is a particular problem* with the requirement that PEP-holders have to be sent a copy of the annual report and accounts of all companies invested in. Many companies are reluctant to supply the extra copies required and some are even trying to impose charges, which when added to the postage makes the cost prohibitive.

Managers argue they should not have to choose stocks in a portfolio on the availability of annual reports, which many PEP-holders do not want to receive anyway. The biggest postbag of complaints apparently *is received from* PEP-holders objecting to being sent the reports.

**John Edwards**

# Shake-up for Edinburgh

FEW OF the eminent financial institutions clustered behind imposing entrances around Charlotte Square in Edinburgh give the impression they particularly welcome people strolling in off the street to inquire about their unit trusts, investment trusts or life policies.

However, it is a different story just a few hundred yards away in the less rarified atmosphere of Lothian Road, a busy street for both shopping and traffic. Here, this week, a large airy shop named Save and Invest opened up to sell savings and investment services.

It is the initial outlet in Edinburgh of a company which *opened its first shop in Glasgow* in 1985. Save and Invest recently opened a branch in Manchester and hopes to open up in London and five other English cities. Its Glasgow operation already has 20,000 clients.

Save and Invest is much more than a share shop. It offers a complete range of investment advice, can organise the purchase of shares and unit trusts, and give help on pensions and taxation. The customer can stroll into one of its shops, browse through the displays around the walls which present unit trusts and, if he wishes, discuss his requirements with one of the staff.

The displays this month are dominated by the "Royal Event" —*the launch of* three unit trusts by Royal Life fund management — but there are also reams of literature on other investment products and pension plans. Also displayed are anonymous case histories of past clients and how in broad terms their problems were dealt with.

The majority of Save and Invest's clients are people aged roughly between 55 and 65 who are either contemplating their retirement or are looking for ways to invest redundancy payments. Save and Invest will prepare free of charge a report on the individual's circumstances, usually within 24 or 48 hours, recommending a combination of investment instruments designed to meet the customer's needs for income and capital appreciation. It makes its money through the commissions paid by the investment institutions.

Save and Invest offers a portfolio management service to its clients. Last year, it launched the Scottish Managed Fund, now having its second issue, which spreads its investments across the funds of 15 Scottish fund management and life assurance institutions. Scottish Managed Fund holds a conference once a year at which individual investors can confront the fund managers.

Save and Invest was founded by Geoffrey Deans and Mary Marsh, both graduates of Edinburgh University. Deans, who is only 30 and began his financial career with the Norwich Union's investment department, sees the organisation as providing a "Marks and Spencers" type approach to financial services.

The idea is to be more approachable than the bank manager, more *independent* in its advice than the building society, and less pushy than the *insurance or unit trust* salesman.

Mary Marsh points out that the company trains all its own staff. In recruiting, it steers clear of professional door-to-door salesmen and has also found that insurance salesmen are *usually too set in their ways* to adapt to Save and Invest's selling and counselling methods. *The staff of about* 60 is often expected to work a 12-hour day, and most of them are aged under 30.

"After all," as one of them said in Edinburgh last week, "*this sort of job simply didn't* exist 10 years ago."

**James Buxton**

AT LAST, Lautro (the Life *Assurance and Unit Trusts* Regulatory Organisation) has published its rule book. It will bring widespread changes in the way that unit trusts and life insurance products can be sold to the public once the Financial Service Act is fully implemented next year.

Indeed, the rule book will control most aspects of salesmen's lives—what they can do and what specifically is barred. Over the next few weeks we will be discussing in detail the changes proposed to improve investor protection.

• FINANCE & THE FAMILY •

Barry Riley examines high street reaction to the SIB's new protection rules

# Investment advisers are poles apart

POLARISED, or just up the pole? Some of Britain's biggest financial institutions have disclosed further plans to cope with the new investor protection régime imposed by the Securities and Investments Board (SIB). It looks as though many investors will be confused rather than protected.

National Westminster Bank has finally come out into the open. It anounced that it will act as an independent intermediary, in sharp contrast to Barclays, Midland and Lloyds, which have all decided to take the "company representative" route and sell only their own products.

By and large, the big building societies have taken the independent line. But Abbey National several weeks ago made the controversial decision to link with the big mutual life office Friends Provident. Last Tuesday it reinforced that decision by announcing plans to set up a chain of 1,000 estate agencies called Cornerstone, which will also sell only Friends Provident policies.

Another estate agency chain, Hambro Countrywide, which has 450 branches, announced a plan to set up its own life assurance company in co-operation with Guardian Royal Exchange. Customers buying properties through the offices of the fast-growing chain will be exclusively offered endowment mortgages and other policies through the associated life company.

The effects of the new regulations are rippling through to unexpected corners of the financial services sector. For instance, the Law Society of Scotland on Thursday announced its backing for a new intermediary company to cope with the life assurance business handled by Scottish solicitors.

Under the new investor protection framework, which is set to come into force next April, providers of investment services will have to "polarise" between the independent and the tied route. They must either recommend what they have determined, after due research, to be the best products on the whole market, or they must confine themselves to selling the products of a single company.

They will get into trouble if they blur the distinction, for instance by selling in-house products as well as the policies of rival companies.

Polarisation has been imposed because SIB considers it is the most practical way of ensuring fair play for the investor. The aim is that the customer must never be confused about whether the man offering him an investment product, such as a life policy or a unit trust, is a salesman or a financial adviser commited to finding and recommending the best possible deal.

The distinction is important. The problem is that the major financial institutions are falling out of step. Is your local bank manager an independent adviser? Probably not, but in some cases he might be. Is your building society manager independent? Probably, but then again, there is a chance that he might not be.


Charles Green of Natwest

NatWest is Britain's biggest high street bank, with 3,200 branches and almost 6m personal customers. It claims to uphold the tradition that your bank manager is a source of independent advice. "We weren't prepared to accept that the advisory role should be discontinued," Charles Green, NatWest deputy group chief executive, said.

The NatWest decision was welcomed by CAMIFA, a pressure group organised by 14 leading life offices (including many of the bigest mutuals like Standard Life and Norwich Union) which are fighting to preserve the role of independent intermediaries.

CAMIFA takes a dim view of the decision by Friends Provident to link itself with Abbey National.

But its loudest criticism is reserved for the other clearing banks which are accused of trying to have it both ways. As company representatives, staff in the branches will be able to sell only the unit trusts or life policies of Barclays, Midland or Lloyds, as the case may be.

Nevertheless these banks will also maintain separate broking subsidiaries which are licensed as independent intermediaries. Under SIB rules they will not be able to have any presence in the branches. But it appears that under certain circumstances branch staff will be able to refer customers to these broking associates, which have been dubbed "conduits".

According to Douglas Claisse, a top executive of Clerical Medical and General who is a leading spokesman for CAMIFA, SIB's rules are too weak. "It allows a degree of fudge, and we would prefer that the conduits were closed."

NatWest emphasises that it cannot see how the tied branches and the independent group broking services could operate satisfactorily at the same time. But the other banks see it differently, and are busily developing the conduit concept.

It adds up to a highly confusing situation for the public. Institutions such as NatWest will try to clarify public perceptions through major advertising campaigns over the next few months. But it is a complex message.

For investors in County unit trusts, moreover, disruptive developments are imminent. Until now, the management company has been owned by NatWest and 60 per cent of sales have been introduced through the bank's branches. But NatWest this week sold the County trusts to another management group, Britannia Arrow. The units will no longer be sold by the bank, and as part of the deal the County name will be dropped.

Polarisation presented NatWest with a harsh choice. If it went the representative route it would need to buy a life assurance company, which it has lacked in the past. If it opted to be an independent adviser it would have to dispose of its in-house unit trusts.

The other banks have also had to reassess their structural resources. It happens that Lloyds and Barclays already own life companies and unit trust groups. But Midland is short of a life assurance subsidiary, and is considering ways to plug the gap.

As for County unitholders, Britannia Arrow is a well-established group. But those who bought County units because they thought the bank stood behind them may not be very pleased.

The abrupt disposal of County Unit Trust Managers is only one of many changes which must leave many investors baffled. Perhaps in a few years' time the banks and building societies will have sorted themselves out.

For the time being, the small investor or the housebuyer will have to remember that the managers of two neighbouring high street banks could be poles apart when it comes to giving advice.

# Suddenly, ethics rule

**Eric Short reports on a sector where you can invest with a "clear conscience"**

ETHICAL investment seems to be the flavour of the month with unit trust groups. Several have announced their intention to join the select few already in this field, the latest to unveil its plans being Abbey Life with the launch this week of the Ethical Trust.

It might seem churlish to point out that it is highly unlikely the group is launching this fund because it feels that it is good for the investors' soul or the fund manager's moral principles.

But the inescapable message from the marketing literature is that environmental issues will lead to the next growth sector in the UK equity market.

Issues such as urban renewal, pollution control, health care, housing, are going to be high on the agenda for the rest of the century. Companies operating in these areas have excellent growth prospects and Abbey Life considers that investors can show a good return on these companies by getting in early.

Having assessed the market potential of ethical investment, the group, as expected, is bringing all its marketing expertise to bear in promoting the product.

The message being put over by Abbey Life is that investors can get a good return with a clear conscience; that investing in socially responsible companies, with good staff relations, a positive attitude to society and the environment and treating customers fairly, will reap positive rewards for investors.

Where does Abbey expect to find these companies? The sectors its investment managers are looking at are:

- health care and pharmaceuticals;
- environment protection and pollution control;
- safety at home and at work;
- housing and construction;
- protection for the family and the home.
- leisure and food industries

But the core holdings in the trust will be centred very much on health care— a sector that has performed particularly well in the US.

So, the portfolio will contain companies like Glaxo, Wellcome, and Smith and Nephew in the health care sector, Allied Colloids, specialising in organic food, the Body Shop and Britannia Security.

The managers have an exclusion list—no armaments, nuclear processing, tobacco, alcohol or gambling. Nor will the trust invest in companies which use experimentation on animals for cosmetic research, or in an irresponsible manner.

What about investment in South Africa—the centrepiece of much ethical investment?

Although the fund will not invest in companies which are domiciled or have major interests in South Africa, so far it is not a purist fund about the Republic. A marginal involvement there will not automatically put a company out of reckoning if the conditions listed above are fulfilled.

To monitor the investment managers, Abbey is appointing an outside advisory board to which the managers will report quarterly. Strangely, however, the board is not yet operative even though the trust is.

To date, the screening process on 500 leading UK companies has resulted in just over 100 meeting the requirements.

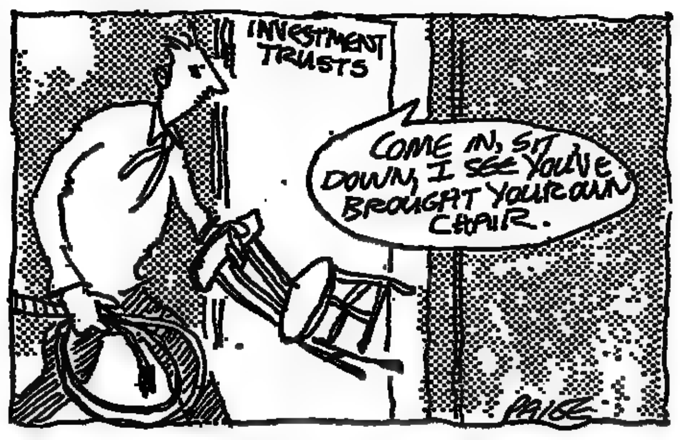
Growing demand for ethical stocks could send their share prices rising over the short period, and groups getting in early might show above average investment returns.

So, ironically, funds like the Ethical Trust could attract the interest of investors without a conscience who are simply looking for the latest investment opportunity.

• FINANCE & THE FAMILY •

**Bob Huntley** reports on the merits of investment trusts

# Examine the alternative




AS FAR as the investment trust industry is concerned, the Government can delay full implementation of the Financial *Services Act for as long as it* likes. The men who run the trusts feel they haven't got a very good deal out of the act, which lays down comprehensive guidelines on the marketing of investment products and the protection of those who buy them.

The main point made to the Government by the Association of Investment Trust Companies—the lobbying and publicity *umbrella for about 180 trusts*—is that it might be fine to tell independent financial intermediaries to be impartial about their advice but it is far from proper that this only applies to unit trusts and insurance-based products.

The AITC believes the middlemen should be giving unbiased advice about the whole range of savings opportunities, from investment trusts to National Savings and building society deposits. If they don't they are failing their *client and the Act's honourable* intentions are not being attained. Moans from intermediaries who say they would lose out on commission on such products are given short shrift by the AITC who say they should make their money out of clients' fees rather than commissions to really prove they are putting the customer first.

The AITC's fears about the act crystallise the position between a rock and a *hard place* that it has been forced to occupy during the boom period for equity-based *investment* over the past eight years. It is a position that makes it hard *for the industry to put its often*-convincing case to the private investor with any great force *or authority.*

To put it at its crudest, investment trusts are a cross between unit trusts and direct share ownership. Yet to one side, the investment trust community has seen the unit trust industry explode, mostly through aggressive and at times brilliant marketing. To the other side, it has watched the cult for individual share ownership soar as appetites were whetted by give-away flotations of state companies.

The point has been reached where many people in a position to invest in equities know at least the basics about shares and unit trusts but not the first thing about investment trusts Intermediaries are certainly not going to tell them and very often neither are their stockbrokers, many of whom have little time for private clients.

To elaborate on its hybrid status, the investment trust is *similar to a unit trust in that* the pool of money collected by the managers is invested on *behalf of investors. The scope* for investing is wider, covering *unquoted shares* and property, while the rules on using borrowed money and hedging *against foreign currency losses* are also more relaxed for investment trusts.

*But the major difference from* unit trusts is that investment trusts are "closed" vehicles where the *pool of investors'* money is static. Purchases and redemptions, done through the managers for unit trusts, are carried out through the stock market where investment trusts are quoted like ordinary company shares.

This different method of trading is more significant than may be first thought. It means that investment trusts are just as subject to the City's whims that drive the stock market up and down as to the performance of the managers who run the fund.

It also means that the price of an investment trust share will usually be at a discount to its net asset value whereas the price of a unit trust derives from, and is equal to, the fund's underlying assets.

The varying size of this discount, *calculated daily by eager* teams of stockbrokers' statisticians, provides the extra spice which *keeps many investors* coming back to taste the investment trust pot. Trade right—buying a trust when the *discount* is wide and selling when it is narrow—and you have a *profit even if the underlying* portfolio value is unchanged. The reverse of course can also happen.

To answer the question "why does a *discount shift?*" is almost as hard as predicting where the FT All-Share Index will be this time next year. Reasons vary from the perceived quality of the trust's management to the prospects of a takeover bid being made for the fund or the mood of the market towards the area that the trust specialises in.

Some discount changes are dramatic and sudden, as in the case of the trusts managed by Touche Remnant where they *have been slashed following in*ternal management crises and a bold takeover bid for TR's *Pacific Basin trust by an off*shore unit trust managed by Robert Thornton. The theory *is that such events will inspire* a more aggressive style of management.

There are advantages that investment trusts should have got across more clearly to investors deluged with the PR hype of the unit trust industry—such as the low cost of participation and a performance record that more than stands its ground over the sort and *medium term.*

Apart from the usual discount to assets, investment trusts are generally a cheaper method of saving than unit trusts. There are no front-end fees—5 per *cent for most unit trusts*—mainly because there are no intermediaries grabbing a slice of the action. Buying investment trusts through a stockbroker should cost the same as buying BTR or Boots shares—usually around 2.4 per cent inclusive of VAT and stamp duty with minimum commissions around £15 to £20 per deal. Annual charges of around *¼ to ¾ per* cent also tend to be lower than unit trust rivals who usually charge between ¾ and 1¼ per cent.

However, buying investment trusts can be cheaper still, thanks to one of the few brainwaves to flash through the industry in recent years: savings schemes. The beauty of such schemes is that it allows management groups to get around the law which prevents them advertising their shares without attaching a full prospectus—a procedure that is extremely *expensive* and as enticing to the reader as reading a telephone directory.

The *law*, which applies to all quoted companies, does not cover unit trusts, which have *made full use of their advantage* with some super slick adverts that would put some washing powders to shame.

"It's something we're going to have to live with," says Lord Mark Fitzalan Howard of Flemings, which manages 10 investment trusts. In the meantime, Flemings, along with most of the other leading houses, is pushing its savings schemes hard.

The schemes pool investments made by individuals on a regular monthly or occasional basis so that the investment trust shares can be bought at commissions far lower than those available to an individual through a stockbroker. Most management groups set minimum investments at £25 monthly or £250 on an occasional basis and extend the *scheme to existing shareholders* to automatically reinvest their dividends.

At Flemings, most deals under the scheme are done at commission of around 0.2 per cent plus VAT and stamp duty—in total around 0.73 per cent. Fitzalan Howard says he is "enormously encouraged" by the public response to the scheme, which brings in around £200,000 of savers' money a month from around 4,000 investors.

Naturally there is no point in buying anything, however cheap, if it is going to lose money. Next week we will look at how you should go about choosing an investment trust.

● *For further information about investment trust companies, contact the Association of Investment Trust Companies, Park House (6th floor), 16 Finsbury Circus, London EC2M 7JJ. Tel: 01-588 1803.*

# Service with a smile

**John Edwards gives details of a new scheme, with added incentives, for those with £30,000 or more to invest**

*PERSONAL service is very hard* to get from a stockbroker these days unless you have a sizeable portfolio. Brokers claim it is simply too expensive to provide small investors with the kind of attention given to big clients.

However, under a scheme launched this week by Montagu Loebl Stanley, the stockbroking arm of the Save & Prosper group, you can have your own personal adviser and banking service if you have a minimum of £30,000 to invest.

The scheme, known as PAMS (Personal Asset Management Service), is essentially a unit trust portfolio service with added incentives. Your £30,000 is invested in either a capital growth or income portfolio, *which have been converted into* unit trusts to take advantage of the capital gains tax concessions available.

With the help of the personal adviser, you choose which of the two portfolios is most suitable to your individual needs. There is a low cost initial entry charge of 2 per cent (compared with the normal unit trust front load of 5 per cent) but the annual management fee is rather higher than usual—1.5 per cent on the value of the fund. You can also switch portfolios at a later date on advantageous terms.

However, any funds above the £30,000 minimum are treated as an auxiliary portfolio. You have complete freedom of choice in this but you can draw on the normal stockbroking services. Your personal adviser will provide recommendations, but only if you ask. You make the final *decision—shares of your choice,* gilts, or even cash.

As part of the package you can open a Save & Prosper Premier High Interest Account, which normally requires a minimum income of £25,000 a year and minimum deposit of £1,000. These restrictions are waived, *though,* and you receive the full banking service. This includes a Visa Premier gold card, which also acts as a cheque guarantee card, and money market rates of interest on any balance held.

● KATE FOSTER, one of the personal advisers appointed by Montagu Loebl Stanley under its new Personal Asset Management Service. She will advise on any investment, taxation or administrative aspect of the scheme; provide details of your holdings; and help to arrange banking facilities.

*In addition,* as a *member of* PAMS, you are entitled to a special overdraft facility equal *to 50 per cent of the value of* your portfolio. You could, for example, use this facility to pay *school fees, although* the interest rate is a bit steep at 4 per cent above the group's base rate.

On some occasions, such as for stagging privatisation or other new issues, you can borrow up to 100 per cent of your portfolio's value as long as you repay the loan within an agreed period.

Stephen Cooke, head of Montagu Loebl Stanley financial services, expects PAMS to appeal particularly to intermediaries like accountants and solicitors handling investments on behalf of clients. They are being offered a 1 per cent commission as an incentive.

Cooke claims that the availability of a personal adviser for *relatively small portfolios* has been made possible by separating within the group the normal three *main stockbroking* functions—investment, administration and communication with *clients.*

· FINANCE & THE FAMILY ·

# Money men aim for the youth market

THIS YEAR the banks' wooing of students and school leavers is more ardent than usual with fiercer competition for the youth market.

Building societies are also offering attractive packages to the young customer in a bid to capture a share of this market, making the choice of the youngster with a first wage packet, or a student with a first-year grant, more bewildering.

This catch-'em-young policy is based on the premise that people tend to stay with the bank to which they first entrusted their cash unless there is a real incentive or pressing need for a change. The result is that students are being offered enticements not available to older, more credit-worthy customers.

Leading the pack this year is Barclays, which is keen to make up for lost ground now that it has severed the South African connection which made it unpopular on many campuses.

The bank has put together a package which includes:

● Free charge account banking regardless of balance, together with monthly statements;

● The new Barclays Connect Visa card;

● £15 cash — this is paid into the account of students who can produce either a local education authority tuition fees award letter, or a maintenance grant cheque;

● Up to £200 overdraft at a preferential (1 per cent over base) interest rate;

● Advice and assistance from specially trained young staff (called Student Business Officers);

● Special student insurance (arranged in conjunction with Provincial Insurance);

● Graduation loan scheme at a reduced rate of interest (up to £1,000, dependent on the graduate having a firm job offer);

● Barclaycard (for those over 18, a legal requirement for granting credit; and after assessment); and

● Other free enticements, including advisory booklets (*Getting to College, Student Banking, Starting Work, Getting a Job*); and folders for convenient storage of financial documents.

With minor variations, similar facilities and inducements are offered by the other competitors in the banking sector.

SOME BANKING OFFERS FOR STUDENTS

| Organisation | Starter Cash gift | Freebies etc. | Overdraft | Chequebook & Guarantee card | Credit card | Cashpoint card | Personal loan | Free banking Current & deposit |
|---|---|---|---|---|---|---|---|---|
| National Westminster | £12 | Plastic folder Sliderule planner | £200 arranged | | Access | Service card | £1,500 for medical students | Even if overdrawn |
| Barclays | £15 | Plastic folder | £200 arranged | | Visa & Connect | Barclay Bank | £1,000 Graduate loan | |
| Midland | £8 plus coach pass £3.50 | Plastic folder Sliderule planner | Int. free on first £100 arranged | | Access £250 limit | | | Even if overdrawn |
| Lloyds | £10 | | £200 at APR 12.6 arranged | | Access £200 limit | Cashpoint | | |
| Trustee Savings | | Folders, discount records, tapes etc. | | £200 limit | Visa Trustcard | Speedbank | | |
| Co-operative | | Competition—US by Concorde | Arranged only | £200 limit | Electron | Link | | |
| Royal Bank of Scotland | £12 | Competition—Outward Bound | £200 at 1% over base | | Visa | Cashline | £1,500 Graduate loan at base rate | |
| Nationwide Building Society | | | | Flex account | | Matrix & Link | | |
| Halifax Building Society | | | | | | Cardcash | | |
| Anglia Building Society | | | | | | Matrix & Link | | |
| Girobank | | | No | | | Link | | |

For example, National Westminster Bank offers a £12 cash starter and a slide-rule Budget Planner. NatWest has also introduced preferential loans for medical and dental students to assist with expenses in the UK or for one year's study abroad.

Free life cover is automatically provided, and the interest rate is 1 per cent over base, with a minimum of 9 per cent. Repayment does not start until studies have been completed, and students will have up to five years to make total repayment. During the first two years repayments may be limited to interest only.

Midland Bank is also offering a sliding money management guide; and the first £100 of a pre-arranged overdraft will be interest-free, with a preferential rate (1 per cent over base) if the £100 is exceeded.

The cash gift is down to £8 but students get a free card for assisted coach travel (normal cost £3.50). Midland offers other travel services including a free Eurocheque card and commission-free sales and purchase of foreign currency, and Thomas Cook sterling and US dollar travellers' cheques.

Lloyds Bank provides an overdraft up to £1,000 at a concessionary rate of 1 per cent per month (APR 12.6 per cent), but the cash gift is only £10. On the other hand, Lloyds' post-graduate loan scheme is available to student customers who swap banks and bring their overdrafts with them.

## Banks and building societies are offering a bewildering number of choices, says Tony France

The Royal Bank of Scotland takes a different tack. In addition to the usual services (with a £12 gift) students opening an account before November 30 can enter a competition with a first prize of a week for two on an Outward Bound course in the US.

The prize includes return flights in the summer of 1988, a Greyhound bus pass, and £200 spending money. The 10 runners-up will win a short Easter course at the Outward Bound centre at Ullswater in the Lake District. The post-graduate loan is up to £1,500 over four years, with interest at base rate.

Inducements to potential young customers are so enticing it would not be surprising if unscrupulous parents transferred part of their financial burden to their children so that they could take advantage of the attractive banking facilities.

Choosing the best offer may well be decided on the fringe benefits, rather than the financial package, depending on the particular interests of the youngster picking a first home for his money, or a source for his credit.

The Trustee Savings Bank offers discounts on such items as Virgin records, Hitachi cassettes, and Yamaha electronic organs, which may be more attractive than the chance to win a place on an Outward Bound course. TSB also provides a useful free book listing some 20,000 holiday jobs available in the UK and overseas.

It is well worth shopping around, and not only among the major High Street banks.

Girobank points out that while it has no special offers for new young customers, it has been providing free banking since 1978; and that with outlets through 20,000 post offices it has more branches than all the other banks put together. Girobank has 200 cash dispensers and has a further 800 points through membership of the Link cashpoint scheme operated by many of the building societies. At present there are no inducements for new customers, although Girobank did offer a £5 record or cassette voucher last year.

The Co-operative Bank also emphasises that it has many more outlets than most banks, because of the banking facilities in the Co-op stores. It is making a drive for the young with special accounts, cheque book, free banking, Visacard (subject to approval and a £200 limit), overdraft by arrangement only, and the Electron card for special offers and discounts at the stores.

The bank is running a Famous Film Stars competition to attract the young customer. The winner flies to the US by Concorde for a 14-day holiday, including a visit to Hollywood. Ten runners-up will receive free tickets for a year to Cannon Cinemas.

Those building societies which are providing an increasing range of banking facilities are in the main still preparing plans for an assault on the youth market.

In general, special facilities are not provided, but the Halifax and the Abbey National have several booklets available to guide the new customer in this field. They point out that while they may not offer an overdraft, accounts in credit do receive interest (around 5 per cent).

Anglia has no special programme and Alliance and Leicester used to give youth schemes when they were separate entities, and hope to re-start a scheme when the merger has settled down.

Nationwide seems to be the most advanced in this area, in particular emphasising the interest paid on accounts in credit (£1-£99 2 per cent, £100-£499 3½ per cent, £500-plus 5 per cent). Agreed overdrafts are charged 1.75 per cent per month (Apr 23.1 per cent), but without arrangement an overdraft attracts a punitive 34.4 per cent APR. Chequebook, Flexaccount, Matrix cash points from September 1, Link cash card (as with a number of other societies), cheque guarantee card (subject to approval), and even the home phone code attachment enabling the customer to receive account details over the telephone (£10 deposit for the device), are all available from Nationwide.

All these schemes must be attractive to the average student strapped for cash. Figures from the lenders indicate that only some 15 per cent of their youthful customers get into serious financial trouble; though many more must have their anxious moments.

The only reservation about these schemes is that stricter "creditworthiness" control might further reduce the number of youngsters finding their financial problems getting out of hand.

# Rollover relief

IF A prize were awarded for the Government decision of 1987 which affects the smallest number of people, Treasury Minister Norman Lamont would surely be hot favourite following his recent announcement that capital gains rollover relief is to be extended to spacecraft and satellites. But this rarefied statement throws the spotlight on to a long-standing tax break from which large numbers of taxpayers derive considerable benefit.

The term rollover is to some extent self-explanatory. Since capital gains tax was first introduced, the Government has accepted that it would be unfair to claim CGT from a trader who disposed of one trade asset at a profit but then re-invested the proceeds in a new trade asset. So the trader can opt to defer the tax which would normally be due on his first disposal and rollover his gain on to the new asset.

Suppose, for example, that Mr X, whose business is organising excursions to the moon, buys a spacecraft for £2m. He subsequently decides to exchange it for a newer model but by then the value of his craft has risen to £3m, creating a potential CGT liability on disposal of £300,000 (30 per cent of £1m).

However, since Mr X is spending £3.5m on a new space machine he can claim a rollover of his gain. If he does so, he will be treated as if he had sold his original machine for £2m and then bought the new machine for the same figure. Hence, if he ultimately sells the new asset for £4.5m—and does not get a further roll-over—he will pay tax on a gain of £2.5m.

Apart from satellites and spacecraft, the assets to which rollover applies are land and buildings, fixed plant or machinery, ships, aircraft and hovercraft and goodwill. Items falling outside these categories will not qualify for relief—even if used exclusively in a trade.

Even where an asset qualifies, relief will be lost if the taxpayer fails to comply with the statutory time limits. These stipulate that the new asset must be bought not more than 12 months before or not more than three years after the date of sale of the asset which is being replaced. The Inland Revenue does have the power to extend these periods but is reluctant to do so in practice.

The mere fact that the replacement asset is bought within the statutory period will not create an automatic rollover. The taxpayer still has to claim his relief but since he has a full six years in which to do so, this should rarely cause a problem.


Equally important as compliance with time limits is the need to ensure that the same person owns both the asset being rolled-over and the trade in which it is used. The only exception is where the asset is owned by an individual and the trade is carried on by a "family" company, ie a company in which the individual is at least a 25 per cent shareholder or which the individual and relatives control, with the individual owning at least 5 per cent. However, a common case in which relief is not available is where a trade is carried on by a husband but the assets are in his wife's name.

In other respects, the rollover rules are fairly flexible. If a person carrying on two separate trades sells an asset which he uses for one of those trades, there is nothing to prevent him from rolling over onto a newly-acquired asset for the other trade. And if an asset is only partially for business use, rollover will still be available for the relevant proportion.

This will be of assistance to somebody who carries on a trade or profession from his home. The CGT exemption for a private residence will not apply to the business part of the house but, provided the owner will be making similar use of his new property, he can rollover the tax which would otherwise arise.

The benefits of rollover are available not just to individual traders, but also to companies, unincorporated associations and partnerships. And there is no limit to the number of times a gain can be rolled over so that although rollover creates a tax deferral and not an exemption, for an ongoing business it will often be an indefinite deferral. The rollover chain will be broken if the trader buys a wasting asset, e.g., if he disposes of a freehold property and buys a short-term leasehold property. The CGT liability on the sale of the freehold will still be deferred—but only for a maximum period of 10 years.

**David Cohen**

*● The author is corporate tax partner at Palsner & Co, solicitors.*

# Students warned about 'baits'

In the September issue of the Consumers Association magazine Which? a review of the services offered to students by the banks selects Nationwide Building Society as the "best buy" and advises students not to be swayed by the "baits" offered by the competing banks. However, the banks may come unstuck here—it has been pointed out that there is nothing stopping the unscrupulous student from opening £1 accounts in all of them and collecting all the free gifts!

The National Students Union, while welcoming any help that might be provided for impecunious members, is concerned at the ready access to credit via the overdrafts, loans and credit cards now on offer. NSU figures indicate that at least 50 per cent of members get into debt during term.

Even the Inland Revenue has got into the act. It has produced the IR59 Students Tax Information Pack. As well as explaining how deeds of covenant entered-into by parents can benefit both parties, it includes a claim form to claw back tax deducted from payments made under a deed. The pack is free.

Barclays Bank meanwhile has launched a scheme aimed at bridging the gap between children's savings accounts and full adult banking services.

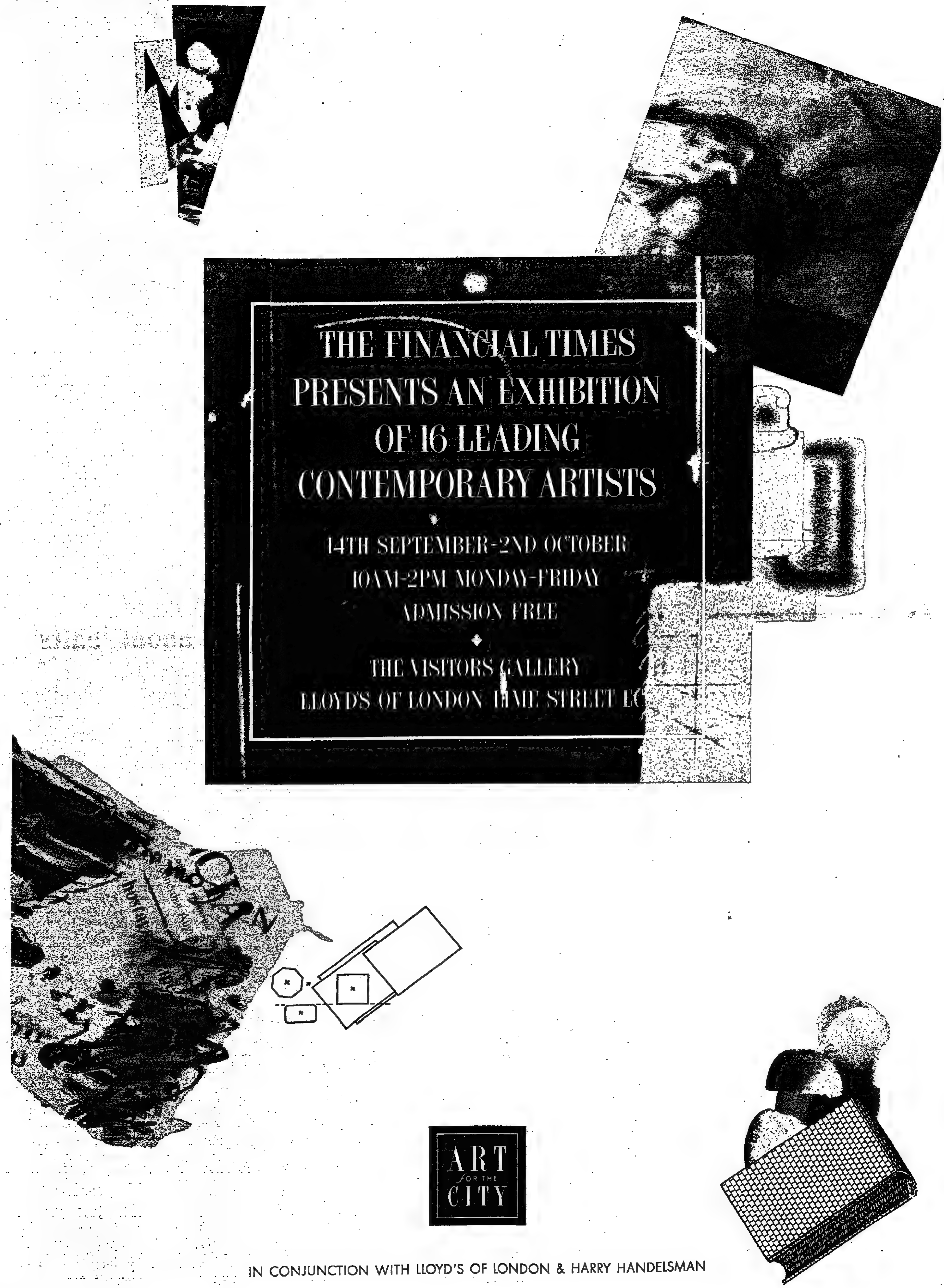
Called BarclayPlus, it is aimed at youngsters between 14 and 18. Account-holders will receive a BarclayPlus card enabling them to withdraw up to £30 a day from cash machines, as well as to order statements and check balances.

The card can also be used to withdraw cash from automatic dispensers operated by Lloyds, Bank of Scotland and Royal Bank of Scotland.

The major attraction of BarclayPlus, however, is that a competitive rate of interest is paid on any balances held. At present, it is 6 per cent net (7.25 per cent gross).

Those opening an account will receive a free wallet which includes a pen, account record book, cardholder and personal information card.

**John Edwards**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# A house next door

BRIEFCASE

*No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.*

**I am thinking of buying the house next door while keeping my present house, to which it is semi-detached, as the lazy man's solution to coping with an expanding family. I would then own the freehold of the whole building and would operate both halves as one home after breaking through the party walls upstairs and downstairs and after removing the garden fence.**

**I would do the amalgamating work in such a way that, at any future time, when needing or wanting to sell and move, I could restore the adjoining half to its present condition as a self-contained house relatively easily so that I could sell it again as a separate unit if I found that the sale price of the combined building could not match the aggregate price of the two halves sold separately.**

**CGT might be a problem. I should be grateful if you could confirm that both halves could be claimed to constitute my principal private residence and that I would therefore not be liable to CGT on any increase in value of the house next door.**

**My present house is my principal private residence.**

The solicitor who acts for you in the purchase will be able to guide you through the CGT maze. All good solicitors are prepared to advise on the tax aspects of domestic property transactions, as an integral part of their conveyancing service.

If you eventually restore the separate status of the two halves of the building, the consequent gain will be taxable under section 103(3) of the Capital Gains Tax Act 1979:

"*Section 102* . . . shall not apply in relation to a gain so far as attributable to any expenditure which was incurred after the beginning of the period of ownership and was incurred . . partly for the purpose of realising a gain from the disposal."

## Disputed ditch

**I have a ditch which is shown on the Ordnance Survey map as mine. The neighbour, an elderly lady, has been told by an old man down the road that it is her ditch. The portion of the ditch in question is half the length of the total ditch—the other half is not being claimed as the owner of that property admits it is my ditch. She has fenced up to the bank so that I have no way into the ditch. Is there any legal width for a ditch and what is my position?**

There is no legal requirement or limit for the width of a ditch. If the person who has fenced to the bank has done so entirely on her own land (ie has not included the ditch within the fenced area) she has acted within her rights. If she has erected any fencing on your land you can insist on its removal.

## A cottage and CGT

**I have been left a country cottage in the will of a relative. Can you advise what will be my Capital Gains Tax position on disposal?**

**I live with a friend in a house of which she is the sole owner and the only other property I own is a London flat which I have let continuously to produce rental income since the date of purchase in 1975, so will the cottage automatically qualify as my "main residence" for CGT purposes?**

**If not, and I do have a CGT liability, will this be based on the probate valuation or the value when the deeds are transferred to me? There has been a delay of three years in settling this particular estate so the difference between the two is considerable—about £20,000 on the current valuation.**

You will be deemed to have acquired the cottage on the day of your relative's death, at probate value, by virtue of section 49(4)(b) of the Capital Gains Tax Act 1979. To minimise your prospective CGT bill, you should submit a notice to your tax inspector that the cottage is to be treated as your main residence with effect from the day you first set foot in it, by virtue of section 101(5)(a) of the CGT Act 1979. Ask your tax inspector for the free pamphlet CGT4.

## Protecting a loan

**My brother is about to buy a house, and I am going to lend him some money towards the deposit. What I want to guard against is this: if my brother marries, his wife may then, if they subsequently get divorced, be entitled to half the proceeds of the house, and effectively half of my loan/gift to my brother. How do I avoid this? Can I take a legal charge on the house, or will the building society not permit this? No doubt it will be sensible to get a solicitor to draw up whatever agreement we came to, but I should be grateful for some initial guidance.**

You can either take legal or equitable charge, ranking behind the building society mortgage, to secure your loan, with interest; or you can arrange for a share in the equitable interest in the house to be vested in you (thus participating in any increase in value) leaving only the balance of the equitable interest in the house to be vested in you (thus participating in any increase in value) leaving only the balance of the equitable interest available in which any future wife of your brother could share.

## Tax on a gratuity

**I will be retiring soon from the NHS. At the end of my service I will receive a pension and a lump sum (gratuity) in the region of £40,000. Is the lump sum free of income tax?**

The answer is probably yes, but it all depends upon the precise circumstances of the payment. Why not ask the paying authority?

# Double Dutch

**I have been in receipt of the basic pension since 1986. My wife is Dutch. We married in 1948 and have lived in England since then. She was a student during the last war, and did not pay any Dutch pension contributions. She did, however, work for the British Army in Holland for a short time at the end of the war, but has no documents to prove this. Last year she was given a Dutch pension backdated to January 1985 which the Inland Revenue is treating as unearned income. As this pension is nothing to do with me I would have thought the pension should be set against my wife's earned income allowance. The Inland Revenue says if she can produce any record of payment of contributions it will reconsider the case. Is this correct?**

Have you given your tax inspector a translation of the letter notifying your wife of the award of the pension? This should establish that her pension is eligible for wife's earnings allowance. The question of contributions is irrelevant to sections 8(2) and 530 of the Income and Corporation Taxes Act 1970.

If it is to your advantage, the arrears of pension paid in 1986-1987 which relate to 1984-85 and 1985-86 (instead of 1986-87, as required by law), by virtue of concession A55 in the booklet IR1. The operation of this concession will affect the timing of the changeover from the current year basis of assessment to the preceding-year basis (subject, in any event, to the 10 per cent relief for foreign pensions).

## Making allowances

**Having used up my own annual capital gains tax allowance and in order to take advantage of my adult son's CGT allowance, with his co-operation and within the tax year, I am proposing to:**

**1—Finance the purchase of shares, registered in his name, and on selling at a (hopefully) profit, returning to me the original sum leaving him with the gain.**

**2—Buying and selling shares in his name in one stockmarket accounting period and consequently not using any capital but just his name.**

**Would these arrangements be acceptable to the Inland Revenue? If not, could you suggest a method of taking advantage of his annual CGT allowance as he has no money of his own to invest.**

1—This would probably be attacked under Furniss-v-Dawson principles.

2—This would be attacked as a sham (and might be considered fraudulent).

You should seek guidance on the scope of Furniss-v-Dawson principles etc from a local accountant or other professional adviser.

## Aftermath of a will

**Is there any government department where one can seek aid to the final distribution of a will? A relative died in July 1983, the beneficiaries received a partial distribution in August 1984, we are now awaiting the final distribution and it seems an unusual time to wait for a settlement.**

The matter which you mention is not the concern of government or of any public department. If you think that the estate is not being administered with due despatch you can apply to the Court for an order for the administration of the estate or for specific directions instead of a full administration order.

# CHESS

THE achievements of Short, Speelman and Nunn in the world chess championship eliminators have confirmed Britain's standing as major challengers to the Soviet Union's eminent position. Short and Speelman have already qualified for the candidates' matches at St John, Canada, in January, while Nunn can join them if he wins a play-off against Portisch of Hungary in Budapest later this month.

Subject to Fide confirmation, the match pairings at St John will include Short v. Salov (USSR), Speelman v. Seirawan (US), and Nunn or Portisch v. Vaganian (USSR). Winners qualify for the quarter-final matches. Short will be expected to succeed, and Nunn and Speelman also have chances to progress on their best form.

Nigel Short

Further ahead, Britain's rivalry to the Russians should be maintained by the consistent advance of a young player whose results are not far below those of Nigel Short at a similar age. Michael Adams, 15, of Truro, made his international mark at 12 when he only just missed an IM result at Lloyds Bank 1984.

A year ago he achieved impressive IM norms at the Kleinwort Grieveson British championship and Lloyds Bank 1986. Then he was silver medallist in the world under-16 championship, narrowly behind an Icelander but far ahead of the Russian and the American.

In the past few weeks, Adams has forged further ahead. He again achieved an IM norm in the British championship, where for five rounds he kept pace with Short in the lead. At the Lloyds Bank junior international, part of the open event, he tied for first with the reigning world under-20 champion, Anand. Finally, last weekend at Swansea, he tied for the British Isles Open with four grandmasters, including Nunn and Chandler.

Adams's best games blend tactical play with dynamic energy. In this week's game, against a Scottish IM, he exploits White's slow development by a series of forcing moves, breaking through to the white king by a knight sacrifice.

White: C. McNab.
Black: M. Adams.

English Opening (Kleinwort Grieveson British championship 1987).

1 P-QB4, P-K4; 2 N-QB3, N-KB3; 3 N-B3, N-B3; 4 P-K3, B-N5; 5 N-Q5, P-K5; 6 N-N1, 0-0; 7 P-QR3, B-Q3; 8 Q-B2, R-K1; 9 N-K2, P-QN4! 10 P-QN3, PxP; 11 PxP, NxN; 12 PxN, N-K4; 13 N-N3, B-N2; 14 NxP, BxQP; 15 NxB, PxN; 16 Q-KB5, P-N3; 17 Q-R3, Q-B3; 18 R-QN1, B-K3; 19 Q-N3, Q-B4; 20 R-R1, QR-N1; 21 B-R6, R-N3; 22 P-B4, N-B3; 23 B-K2, Q-B3; 24 P-Q4, NxP! 25 PxN, B-B5; 26 Q-QB3, RxB ch; 27 K-Q1, Q-K3; 28 R-K1, B-N6 ch; 29 QxB, RxR ch; 30 resigns.

A world title candidate of 1995? It's far from impossible.

PROBLEM NO. 688

BLACK(8 MEN)

WHITE(8 MEN)

From a game in the Soviet Union, 1981, Black (to move) is already rook for knight up and continued 1 . . . Q-R3. White saw the choice of 2 QxQ, with an apparently hopeless endgame, or moving his queen and allowing 2 . . . Q-KB8 mate; so he resigned. What did the players miss?

Solution Page XXIII

**Leonard Barden**

# BRIDGE

MY FIRST hand today comes from a rubber of high standard:

N
♠ 10 9 8
♡ Q 10 9 6
◇ 4 3
♣ Q 10 8 4

W
♠ 6 4 3
♡ A K 8 7 5
◇ A Q 9
♣ 9 2

E
♠ 7 2
♡ J 4 3
◇ J 10 7 6 5
♣ 7 6 3

S
♠ A K Q J 5
♡ 2
◇ K 8 2
♣ A K J 5

With both sides vulnerable West dealt and opened with one heart. This was followed by two passes, and South had to find a reopening bid, which would do justice to his hand. Two spades was not good enough, so he doubled.

North replied with two clubs, and again South was faced with a problem. He thought of bidding four spades, but contented himself with three spades. Now North was on the spot, but though his hand was pretty poor, he raised to four spades in view of his doubleton diamond and three reasonable trumps, hoping that there was a club fit.

West led the ace of hearts, on which East dropped the three. West then switched to the three of spades. Realising that his chances of ruffing a diamond were remote, the declarer looked round for some other means of fulfilling his contract. Then he saw a possible endplay. He drew trumps in three rounds, cashed ace and king of clubs, and crossed to the ten.

Now he returned dummy's queen of hearts to the king, throwing a diamond, and West was in trouble. A diamond return would establish the declarer's king, so he led back the five of hearts.

South had noted East's three of hearts, showing three cards in the suit, and knew that he was certain to get home. If West had the knave of hearts, dummy's nine would win immediately; if East had that card—and this is what actually happened—he would cover. South ruffed in hand, crossed to the queen of clubs, and cashed the ten of hearts for contract.

Brave bidding, and excellent technique.

In the second hand the technique was lacking:

N
♠ A K J 6
♡ A K 7 2
◇ 6 5
♣ 7 4 2

W
♠ 8 7 5
♡ 8 4 3
◇ K 9 7 2
♣ K J 8

E
♠ 9 4 2
♡ 6
◇ J 10 8 4 3
♣ 9 6 5 3

S
♠ Q 10 3
♡ Q J 10 9 5
◇ A Q
♣ A Q 10

At game all South dealt and bid one heart. North replied with one spade, the opener rebid two no trumps, and North's jump to six hearts concluded the auction.

West opened with the three of hearts, and South drew trumps with ace, queen and knave. He then cashed four rounds of spades, discarding his queen of diamonds, and finessed the ten of clubs. West won with the knave, and returned a diamond to the ace. South crossed to the king of hearts, led a club and finessed his queen, but West produced the king to defeat the contract.

Instead of relying on a 75 per cent chance, the declarer could have made sure of his contract. After drawing trumps, he should cash only three spades, then return a club, and finesse the ten. The knave wins—but now West is endplayed. A return from either minor suit runs into the major tenace. If he leads a club, the queen wins, the ace is cashed, and South crosses to the table with a trump, and discards his queen of diamonds on the fourth spade. If West returns a diamond, the result is the same.

To play a winner, before you know what you should discard on it, is not clever.

**E.P.C. Cotter**

# Hampton & Sons

## New Thames-side opportunities in SW1




### First announcement of a phased release of finely finished apartments at Crown Reach

A number of beautifully fitted and furnished apartments, all with terraces and views over the River Thames, are coming on to the market individually at Crown Reach, central London's architecturally stunning riverside development. Landscaped private gardens, security systems, underground garaging and 24 hour porterage.

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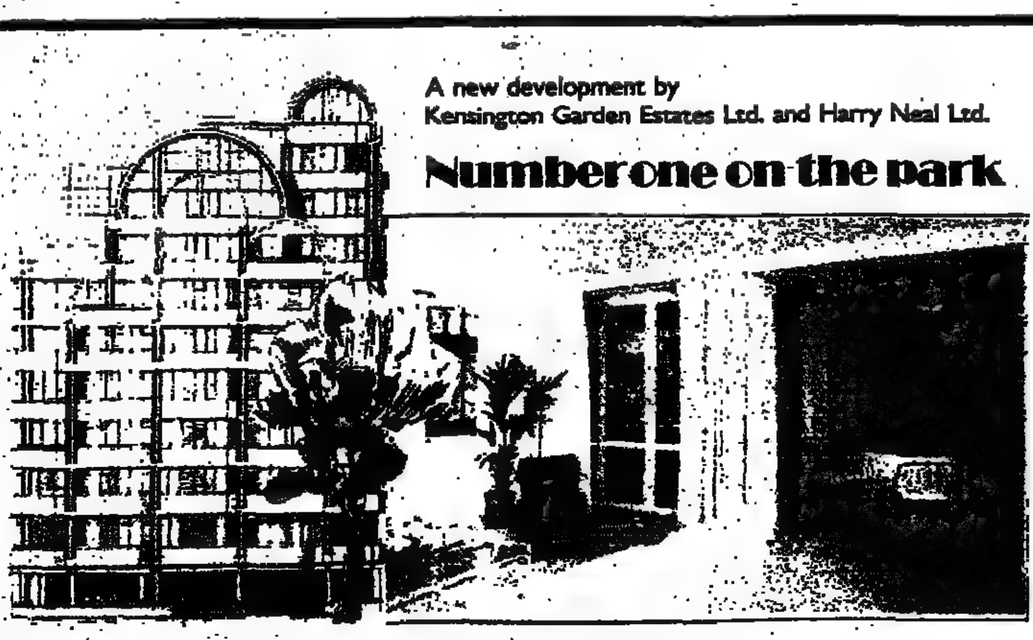
Beverly House, Park Road, London NW8
Fully Furnished Show Apartments Now Open Daily Noon-5pm

A new development by
Kensington Garden Estates Ltd. and Harry Neal Ltd.

## Number one on the park



## Number One Porchester Gate

New apartments overlooking Kensington Gardens W2
**Show flats now open**
Spectacular building to be completed this Summer. International class of luxury, service and security for 27 premier 2-5 bedroom apartments, all with balconies or terraces, many with panoramic views. Spacious rooms, fitted kitchens and bathrooms, impressive reception area. 24-hour porterage and garaging.
**999 year leases for sale £275,000 to £900,000**
**Show flats open 12 noon to 5 pm daily (01-229 8201)**

London Office: 01-493 8222

50% SOLD



**GERRARDS CROSS, BUCKINGHAMSHIRE**
*Access M25 and M40 3 miles. Central London 24 miles.*

**Secluded within its most valuable gardens and grounds of approximately 50 acres, a grand Victorian country house of great architectural merit (Listed Grade II), and used often as a favoured retreat by King Edward VII when Prince of Wales.** Magnificent staircase/reception hall, drawing room, library, study, office, first floor reception room, billiards room with ante room, principal bedroom suite, 10 further bedrooms, 5 bathrooms. Self-contained guest suite and ground floor flat. 2 splendid stable cottages. Detached 4 bedroom coach house. Excellent outbuildings. Garaging. Workshop Beautiful park and woodland setting beyond the formal gardens. **Freehold for Sale with Vacant Possession, London Office. 01-493 8222.**

**NEAR ALRESFORD, HAMPSHIRE**
An elegant and comfortable Regency Manor entirely refurbished. Quiet in seclusion and enjoying lovely mature grounds. Magnificent reception hall, 4 delightful reception rooms, excellent domestic offices, 5 suites of bedroom and bathroom (including guest suite with private sitting room). 2 adjoining staff flats. Garaging for 6 cars. Billiard room. Staff flat and stabling. Hard tennis court. Swimming pool. Formal gardens, orchard and paddocks. In all about 17 acres.
**OFFERS INVITED FOR THE FREEHOLD**
Farnham Office (0252) 712324

**NEAR CHICHESTER, WEST SUSSEX**
A fine miniature residential estate incorporating a classic early Georgian house protected by its own parkland with views across the Downs.
Reception hall, cloakroom, 3 reception rooms, library, ballroom/snooker room, excellent domestic offices, 5 main bedroom suites, 5 secondary bedrooms, 3 further bathrooms. Pair of cottages, ample garaging. Outbuildings. Heated swimming pool. Tennis court. Formal gardens. Paddock land and ornamental lake. In all approximately 30 acres.
**FREEHOLD FOR SALE**
Farnham Office (0252) 712324

**FARNHAM**
In favoured Moor Park, a beautifully appointed modern house with 1 acre of landscaped grounds. 3 reception rooms, kitchen/breakfast room, cloakroom/shower room, 4 bedrooms, dressing room, 2 bathrooms. Double garage.
**Guide Price £345,000**
Joint Sole Agents: Messenger May Baverstock Farnham Office, (0252) 714164 and Hampton & Sons Farnham Office: (0252) 712324

**NEAR WOOTTON BASSETT, WILTSHIRE**
**A charming originally 17th Century thatched country house *in a secluded rural setting with views to the Marlborough* Downs and within the Beaufort Hunt.**
Entrance porch, entrance hall, drawing room, dining room, sitting room, study, oak kitchen, cloakroom, side hall, utility room, boiler room.
5 bedrooms, 3 bathrooms including ground floor suite. Excellent outbuildings including magnificent timbered tithe barn, 4 loose boxes and tack room. Gardens and paddocks. In all about acres.
**FOR SALE FREEHOLD**
London Office 01-493 8222 and Dennis Pocock & Drewett, 20 High Street, Marlborough (0672) 50471

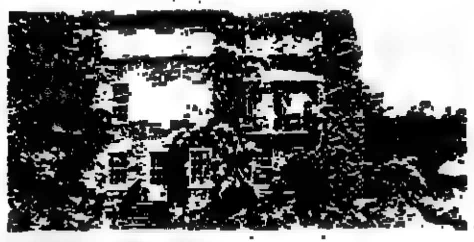
**NEAR GUILDFORD, SURREY**
In favoured Hambledon Village an unusual and very special *modern country residence in a beautiful and spectacular 1½ acre* garden. Standing high, secluded and private with far reaching views to Chanctonbury Ring. 2 superb reception rooms, studio, custom fitted kitchen/breakfast room, master suite with dressing area, 4 further bedrooms, 3 other bathrooms (including guest suite). Gas central heating. Ample garaging. Excellent guest or relative cottage, also a fine staff bungalow.
**Substantial Offers Invited.**
Guildford Office (0483) 572464 and London office 01-493 8222

**FELCOURT, NEAR EAST GRINSTEAD, SURREY**
**An individual modernistic residence in a superb setting with *stunning views across the North Downs.***
Superb principal reception room incorporating drawing room, dining room and study. 4 bedrooms all with bathroom en suite. Staff cottage. Gatehouse/tower with flatlet. Swimming pool. Double garage and outbuildings. Beautiful gardens and arboretum in grounds of about 13 acres with lakes.
**FOR SALE FREEHOLD**
London Office 01-493 8222 or Sevenoaks Office (0732) 460222

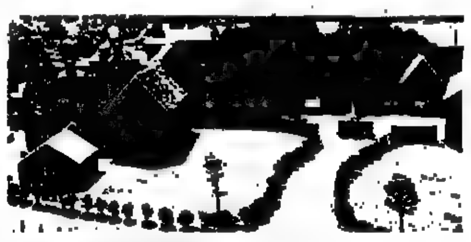
**HADLEY GREEN, HERTFORDSHIRE**
11 miles from Central London.
An elegant and substantial house listed Grade II with delightful views set in 3 acres of formal gardens and swimming pool.
3 reception rooms, library, art-room, kitchen,
5 bedroom-suites and 3 further bedrooms etc. Cottage with 4 rooms, kitchen and 3 further rooms. Office suite of 1,210 sq. ft. Charming inner courtyard, carriage drive and parking for numerous cars.
**FOR SALE FREEHOLD**
Barnet Office 01-441 6776

**NEAR SEVENOAKS, KENT**
*A handsome and well appointed Georgian rectory set amidst secluded gardens of about 2½ acres.*
Elegant reception hall, cloakroom, 3 reception rooms, conservatory, study, well fitted kitchen, 3 principal bedrooms with bathrooms, 4 secondary bedrooms and 4th bathrooms. Herb farm within a walled garden. 18th Century coach house. Two bedroomed cottage. Pretty gardens.
**Substantial offers invited for the Freehold.**
Sevenoaks Office (0732) 460222 or
London 01-493 8222

**WORCS/STAFFS BORDERS**
Near Stourbridge
Superb small Equestrian Unit with elegant country house having 4 reception rooms, 5 bedrooms, gardens and grounds.
Stable Yard with 11 boxes, further outbuildings and Indoor School (105' X 60'). Fenced Paddocks.
**In all about 10 acres**
**Offers in the region of £350,000 are invited.**
**Cheltenham Office (0242) 514849**



**HAMPSTEAD HEATH N.W.3**
Situated in an elevated position and enjoying breathtaking views over the Heath, one of the finest examples of an early Georgian family house anywhere in London. 7 bedrooms, 2 bathrooms (1 en suite), 2 shower rooms, double aspect drawing room with panoramic views, dining room, study, family room, billiards room, kitchen/breakfast room, guest cloakroom, large roof terrace, secluded mature south facing garden.
**Substantial offers invited for the Freehold.**
Joint Sole Agents: Anscombe & Ringland, 01-794 1151 and Hampton & Sons Hampstead Office: 01-794 8222



**HUNSDON, HERTFORDSHIRE**
In an elevated position amidst beautiful countryside, a development of period barns painstakingly converted and retaining the original massive beams.
East barn: 3 reception rooms, 5 bedrooms, 2 bathrooms, kitchen/breakfast room, minstrels gallery. Double garage. Large walled landscaped garden.
**Offers in the region of £400,000 Freehold**
West barn: Reception hall, 2 minstrels galleries, 2 reception rooms, 5 bedrooms, 4 bathrooms, granny/staff annexe. Double garage. Large walled landscaped gardens.
**Offers in the region of £435,000 Freehold.**
**Barnet Office 01-441 6776**

**NEAR ENFIELD, HERTFORDSHIRE**
**25 ACRES**
Hyde Park Corner 17 miles
A fine period house with substantial annexe cottage in superb secluded grounds overlooking its own lake.
Reception hall, 3 reception rooms, 4 principal bedrooms and 2 bathrooms, spacious basement, wing with 2 reception rooms, 4 bedrooms and bathroom. Oil central heating. Gardens with swimming pool, rolling lawns, lake with island, woodland and 2 paddocks.
Barnet Office 01-441 6776 or London Office 01-493 8222

**LYNDHURST TERRACE, HAMPSTEAD, N.W.3**
A quite magnificent Gothic house in a secluded location on the south side of Hampstead Village. Entrance hall, guest cloakroom, 2 reception rooms, kitchen/breakfast room, games room, master bedroom suite with en suite bathroom, magnificent double height studio room with gallery, 2 further bedrooms, 2nd bathroom, south-west facing terrace. Courtyard. Front garden.£795,000
**FREEHOLD**
Hampstead Office, 01-794 8222

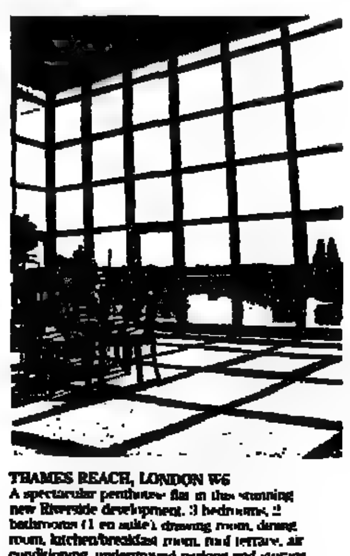
**SOUTH TERRACE S.W.7.**
A most sought after luxurious family house in immaculate condition. 5 bedrooms, 3 bathrooms (master en suite with dressing room), shower room, superb 36' drawing room, dining room, study/family room, luxury kitchen with breakfast area. 50' garden.
Sole Agents.
**Long lease. Offers in the region of £975,000**
London Office: 01-493 8222

**CADOGAN GARDENS S.W.3.**
A light and spacious first floor flat with a lovely drawing room overlooking private gardens, conveniently located close to the excellent shopping facilities of Sloane Square. Entrance hall, drawing room, 2 bedrooms, 2 bathrooms (1 en suite), kitchen. Resident caretaker. Ind CH & HW. Lift.
**Lease 63 years. £395,000**
London Office: 01-493 8222

**CHELSEA, S.W.3.**
One house in this stunning development situated in the heart of Chelsea.5/6 bedrooms, 4 bathrooms (1 en suite), 3/4 reception rooms, kitchen/breakfast room, utility room, guest cloakroom. Wine cellar. Storeroom. Patio. Paved garden. Garage. Off street parking. Gas CH. Video entryphone.
**Freehold. £795,000**
London Office: 01-493 8222

**MAYFAIR W.1.**
A completely refurbished 19th century coach house situated on the north eastern side of Grosvenor Square. Available for immediate occupation. 4 bedrooms, 2 bathrooms en suite, 2 shower rooms en suite, reception room, luxury kitchen, guest cloakroom, utility room. Roof terrace. Double garage. Gas CH.
**Leasehold approx 54 years. £485,000**
London Office: 01-493 8222

**MAYFAIR W.1**
A magnificent period house on the corner of Hays Mews. Master bedroom with large fitted bathroom en suite, 4 further bedrooms and 2 bathrooms, 1st floor drawing room, 2 further reception rooms, small study, 2 cloakrooms, kitchen, laundry room, 2 storage rooms. Gas fired CH.
**Lease 69 years. £650,000**
London Office: 01-493 8222



**THAMES REACH, LONDON W6**
A spectacular penthouse flat in this stunning new Riverside development. 3 bedrooms, 2 bathrooms (1 en suite), drawing room, dining room, kitchen/breakfast room, roof terrace, air conditioning, underground parking and storage, porterage, video security system.
**999 year lease with share in management company**
**£620,000**
Fulham Office: 01-736 8211

**Head Office: 6 Arlington Street, St. James's, London SW1A 1RB. 01-493 8222**
Telex: 25341 Fax: 01-4913541

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• PROPERTY •

# Cash buyers form queues down the M4

## House prices in Wiltshire show its 'honorary home counties' status, says John Brennan

*TRAVEL WEST* from London, and the Wiltshire borders coincide with most people's idea of the start of "real" country. After the manicured landscape of the Home Counties, Wiltshire's fields don't *all* look as if they have been converted to paddocks for Clarissa's ponies. It is still possible to imagine that there are working farms where the owners' Range Rovers don't need a spray-on coating of mud, and where the "farmers" are not all clad in designer country-wear, or spend their day on the car phone at the wheel, journeying from Heathrow or the City.

Yet in recent years London buying has kept Wiltshire residential property values rising, if not in direct parallel, *then at least in close sympathy* to prices in the capital.

Christopher Blount, the Chippenham *director of Mann & Co*, reports a fivefold increase in prices since 1975, and "continuing strong demand from buyers moving out of London." Knight Frank & Rutley includes Wiltshire in its high price growth areas alongside the Home Counties, Gloucester and Avon, with an area average price rise of more than 215 per cent from 1981 to early 1987. The agency says Wiltshire, along with Somerset and Dorset, is likely to see price increases accelerate as the road system is improved.

*Strutt & Parker's* Ian Hepburn reports a consistent 10 to 15 per cent a year rise in country house prices over the past three years and a 25 per cent increase this year—a phenomenon that he also ascribes to "the new-found popularity of attractive period houses in counties that were considered too inaccessible to attract London money as little as five years ago."

The M4 motorway slicing across the meadowland of the *north of* the county by Swindon and Chippenham on to Bristol, and the M3, feeding into the *A303* and *A30* to the *chalk* downlands of the south, have so improved communications that west of a *notional* line north-south from Swindon, Marlborough and Salisbury, Wiltshire lies near enough within the hour-from-London travelling limit of most commuter buyers to have acquired honorary Home Counties status—at least as far as property prices are concerned.

Move west of that notional line and the more regular commuters cluster closer to the fast rail services in the north of the county, tapping into the 125 InterCity route between London and Bristol. As Knight Frank & Rutley's close examination of the train times shows, that line enables people to arrive in London at 8.30 in the morning if they leave Swindon at 7.23 am, or are able to catch the 7.19 am from Chippenham. On the southern rail links you need to be awake early enough to make the 6.40 am train from Salisbury to get into town by 8.30.

Not that commuting times *matter too much in the south of* the county because, as Robin Petherick of Strutt & Parker's *Salisbury office* says, "There are the odd commuters, but the houses that people buy in South Wiltshire tend to be family homes for people who may go to London three days a week, but who are unlikely to be travelling up and down every day."

Having covered the Wiltshire market for 15 years, Petherick says *there is nothing new about* the imbalance of supply and demand for quality houses.

"Wiltshire may not be quite as fashionable as Gloucestershire, but it has always been popular, and accessibility by road to *London has meant* that demand has steadily increased over the years, with an increasing *outflow from London*."

Supply, on the other hand, is necessarily limited. "There are

### Limited supply

*three estates of over 15,000* acres around Salisbury, and they are large by any standards. So they restrict *supply. There is* Salisbury Plain across the middle of the county with hardly any significant houses, and in the five valleys into Salisbury the average village on the downlands will probably have a rectory, and one manor house—or a decent sized village house—and a lot of cottages."

A couple of biggish houses in a village doesn't add up to enough family-sized period houses for the number of buyers, and there are *few of the* between-the-wars stockbroker belt developments, that added so much to the housing stock of the Home Counties, to take up the buying pressure. As Petherick says: "Planning policy for most villages in Wiltshire is for in-filling only, so that means only a couple of new houses here and there."

As for frequency of sale, the *supply of homes in the county* isn't greatly improved by the kind of rapid turnover that has *become characteristic of bigger* properties nearer to London.

It has become increasingly common for country house buyers within striking distance of the M25 to sell within a couple of years as they trade-up, across the market, or as those *who made a move from London* get sick of travelling and move back into the capital. Buyers who make a move to *Wiltshire* seem to be a more resilient lot. In Petherick's experience "they come for the country *lifestyle* and they stay put. I wouldn't say that the turnover is much greater now than it has ever been. *Most* people come down here, buy a nice house, and aim to move out feet first."

At Bradford on Avon Mann & *Co had the Old Vicarage on the* market for only a few days before the guide price of around £250,000 was topped by 20 per cent. And all the Wiltshire agents have tales of having carefully prepared a major property for sale, completed expensive brochures, and organised an advertising programme, only to find that the *queue of cash buyers has* formed, and are already counter-bidding each other, well before the marketing drive begins.

Traditionally, there was a fairly clear east/west divide at Salisbury. Until recently it was generally argued that London money came as far as the cathedral city, but petered out beyond that. Today there is no longer such a clear border for London exiles.

According to Petherick, "It used to be that if you went beyond Salisbury you paid lower prices, but that is not the case *any more. The divide now* would be west to the Dorset border, with prices beginning to be cheaper beyond Shaftesbury." Michael Wiggin at Lane Fox still does see some shading-off of prices west of Salisbury, but he agrees that it is now far less marked a barrier.

Nevertheless, even after the sharp price rises of recent years, he sees no reason to assume that Wiltshire property values are near their peak.

"*Personally, I think there is* no doubt that Wiltshire houses are still cheap. They are antiques. *You couldn't build them* for the price, and you couldn't get planning permission to *build* one today. *All* you can do is to add to a house, which is exactly what happened in the past."

There is a classic example of that on Lane Fox's books at the moment. Penleigh House, near Westbury, is a Jacobean farmhouse which had *substantial* additions in 1710, making it a six-bedroom, mainly Queen *Anne family house in* 5.75 acres with an adjoining three-bedroom cottage.

It is open for offers in excess of £400,000 and, if the sellers' market runs true to *form*, the "in excess" is likely to be the operative part of that guide price.

The residential value of working farms in Hampshire and Sussex has long outstripped their agricultural worth, and there is *evidence of* a similar pattern of buying in Wiltshire. However Wiggin finds that "Most London buyers are not inclined to buy a farm to get the *house*." The lack of *alternatives* is persuading at least some incoming house hunters to consider buying more *land* than they might ideally like, to win a suitable property.

Nick Leeming *of* Humberts believes "The real shortage of properties is not so much

### Few bargains

houses with two or three acres of land or houses with 100 plus acres, it *is* those with 10 to 40 acres, the horsy acreages that are in the shortest supply, and people who a year ago wouldn't have considered buying an agricultural estate are looking, and buying.

"My advice to any buyer who isn't a *farmer* is to leave that side to a management company. A City businessman can make a lot more money concentrating on the business he knows than trying to make a go of a farm."

The combination of residential values *and* a return of private investment money to farmland has begun to have an effect on *land values*. Leeming says: "Agricultural land has had quite an appreciation in the past 12 months. A year ago if you *had put* land on the market you held your breath, this summer it is selling again."

*Farmland yields* a shade over 4 per cent for an average mixed arable unit of about 400 acres, and *starts to look interesting* when set against even lower equity yields. The real returns rise sharply if you *take account* of the tax benefits of running your own farm, and the tax blurring range of *cost offsets* available when you can fairly treat your country house as part of a working farm. With that ammunition a good accountant can transform the real costs of running a property. As there is no shortage of loan capital to finance even substantial residential-agricultural estates, Wiltshire seems likely to *become as* popular an area for "toy farming" as its Home County neighbours.

*Leeming also says* that by no means every wealthy incomer is buying into Wiltshire life with *the proceeds of a London house* sale or the cash raised from some Surrey mansion. "London is the *predominant influence*, but there is strong local demand too from business people in Swindon and buyers from Bristol. There are growing companies all along the M4 corridor, and they are creating their own group of buyers."

Wiltshire's accessibility makes it prime weekender country. But there are few undiscovered bargains, and for every thatched cottage that comes on to the market there are a *dozen people* ready *to* make a nonsense of any agent's guide price. The result is that a disproportionate number of weekend-sized properties in the county now end up at auction, where to judge by some of the sale results this summer, it isanyone's guess where the bidding will stop.

Strutt & Parker's Robin Petherick suggests that, as the selling season is longer than it used to be, the only realistic *option for weekenders is to be* patient. Village properties do come up all the time, but you must keep your eyes open because they are selling so quickly. If people are prepared to take the trouble to go and visit throughout the winter season, from October to February, they may see a property at a time when there are fewer buyers about. But even then it's competitive, because having a cottage an hour-and-a-half down *the road from London* is what everyone wants. You can be there on Friday evening and back at work on Monday morning.

The Grade II listed 15th and 16th century Parsonage Farmhouse south of the conservation village of Heytesbury, in the Wyle valley near Warminster, Wiltshire. The five-bedroom house with a three-bedroom cottage in 4.7 acres of ground is being sold away from its mixed farmland by Humberts (01-629 6700) for around £200,000, a minimum guide price that reflects the amount of renovation work needed to update the building.

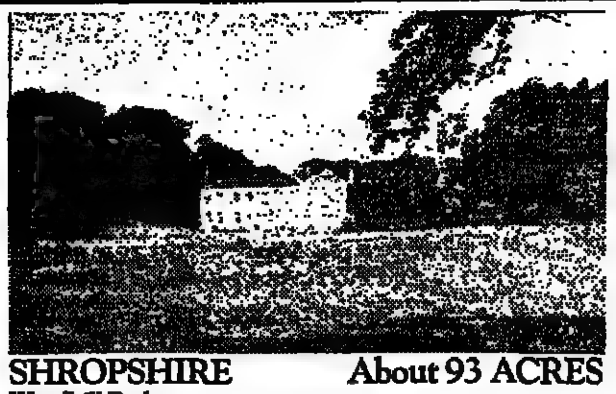
# SAVILLS

**HERTFORDSHIRE** 129 ACRES
London (via M11) 29 miles, Bishop's Stortford 5 miles.
*The Manor of Groves.*
Exceptional residential and agricultural estate.
Superb Georgian house comprising 5 reception rooms, 10 bedrooms, 5 bathrooms, billiard room and squash court.
Delightful grounds including parkland, lawns, ba-ha, tennis court, swimming pool and walled kitchen garden.
Stable cottage, detached cottage, lodge, pair of cottages.
Good range of farmbuildings and production.
For sale as a whole or in 3 lots.
Savills, London. Tel: 01-499 8644

## DEANERY GARDEN
### Sonning-on-Thames
### Berkshire

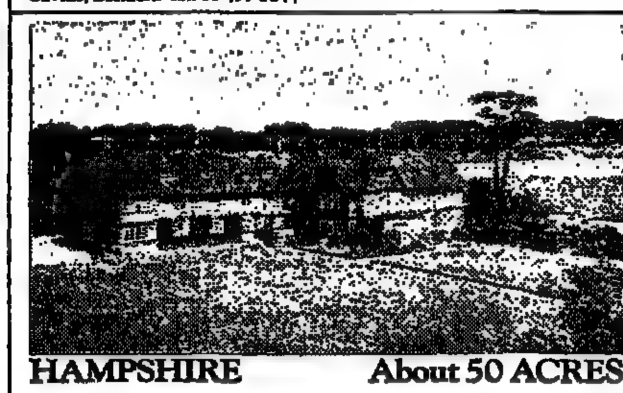
One of Sir Edwin Lutyens finest Arts and Crafts country houses set in a beautiful Gertrude Jekyll garden.

Savills, Henley-on-Thames. Tel: (0491) 579990 and
Savills, London. Tel: 01-499 8644



**SHROPSHIRE** About 93 ACRES
Woodhill Park
Oswestry 4 miles. Shrewsbury 15 miles, Chester 25 miles.
Most attractive residential amenity and agricultural property with leisure development potential.
Impressive Grade II Listed house. Parkland.
Six cottages, stabling (suitable for conversion), farmbuildings.
Productive agricultural land.
For sale as a whole or in 5 lots.
Joint Agents: Bowen Son & Watson, Oswestry. Tel: (0691) 652367
Savills, London. Tel: 01-499 3644

**KENT** About 80 ACRES
Edenbridge
Oxted 2½ miles, Victoria 32 minutes, M25 Access 6 miles.
Listed 17th century farmhouse in fine rural position.
3 reception rooms, 5 bedrooms, 2 bathrooms.
3 bedroom cottage.
Stabling. Farmbuildings.
Also available: 3 bedroom cottage with 2½ Acres.
Savills, London. Tel: 01-499 8644



**HAMPSHIRE** About 50 ACRES
Meon Valley
Alton Station 5½ miles, Waterloo 1 hour,
Compact residential estate with fine unspoilt views.
Principal house: 3/4 reception rooms, 5 bedrooms, dressing/bedroom, 3 bathrooms, 5 secondary rooms. Staff annexe.
Dower House wing: 3 reception rooms, 3 bedrooms, 2 bathrooms, 3 secondary rooms.
Garaging, outbuildings, stabling, attractive gardens.
5 bedroom coach house and yard (with potential). 2 entrance lodges.
Savills, London. Tel: 01-499 8644

**BUCKINGHAMSHIRE** 126 ACRES
The Chilterns
Wendover 2 miles, Amersham 7 miles.
Well equipped riding establishment with a substantial principal residence.
House with 5 bedrooms, 4 reception rooms.
Internal staff flat, 2 cottages.
Indoor riding school and stabling for 22 horses.
Cross country course.
For sale with vacant possession.
Savills, London. Tel: 01-499 8644

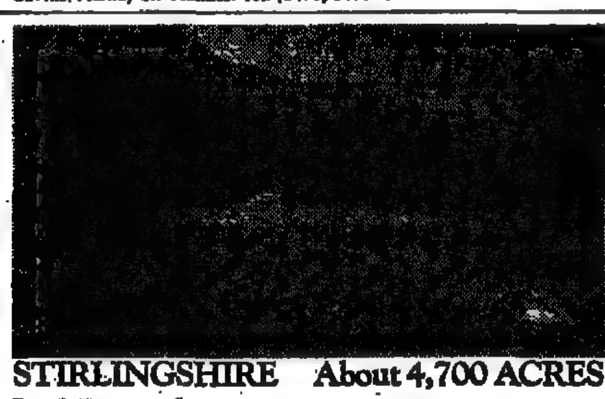
**WEST SUSSEX**
Graffham
Midhurst 4 miles, Pulborough Station 8½ miles. Victoria 67 minutes.
Attractive fully modernised period house in the heart of the Sussex downland.
Reception hall, 3 reception rooms, breakfast room.
5 bedrooms, dressing/bedroom 6, 2 bathrooms. Oil central heating.
Garaging. Garden.
About 1 Acre.
Savills, London. Tel: 01-499 8644

**BUCKINGHAMSHIRE**
Bourne End
Beaconsfield 6 miles, Central London 27½ miles, M40 (exit 3) 2 miles.
Attractive Edwardian family house requiring modernisation, set in an elevated position with landscaped gardens and far reaching views over the Thames Valley.
3 reception rooms, study, 5/6 bedrooms, 2 bathrooms, dressing room.
Oil central heating.
3 bedroom cottage. Garage. Gardens. Tennis court site. Woodland.
About 5 Acres.
Savills, Henley-on-Thames. Tel: (0491) 579990

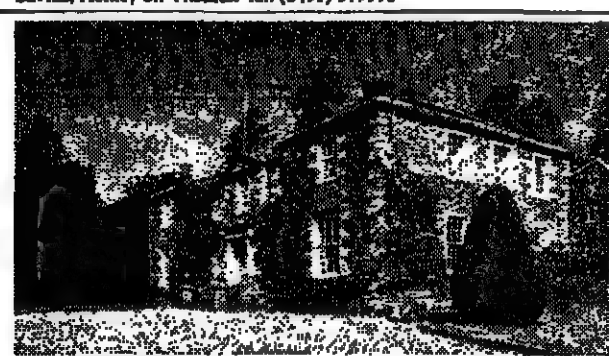
**OXFORDSHIRE**
Checkendon
Reading 7 miles, (London Paddington 22 minutes), Henley 10 miles.
Classic period farmhouse well presented throughout and standing in a glorious rural location.
3 reception rooms, study, fitted kitchen, second sitting room, second kitchen. 6 bedrooms, 3 bathrooms. Oil central heating
Office/staff cottage. Kitchen/sitting room, bedroom, bathroom.
Covered swimming pool, outbuildings, tennis court, garage block, 3 loose boxes, barn. About 23 Acres.
Savills, Henley-on-Thames. Tel: (0491) 579990

**EAST LOTHIAN** 626 ACRES
Haddington 10 miles, Edinburgh 26 miles.
First class arable farm with substantial potato quota, excellent fixed equipment and attractive farmhouse, only 30 minutes from Edinburgh.
Farmhouse: 3 reception rooms, office, 7 bedrooms, 2 bathrooms.
5 farm cottages.
Extensive modern buildings including grain storage for 600 tonnes.
Potato quota for 60 acres. Full irrigation available on all arable land.
472 acres arable, 125 acres pasture, 23 acres woods.
For sale as a whole or in 4 lots.
*Offers from £958 per acre.*
Savills, Edinburgh. Tel: 031-226 6961

**SUTHERLAND** 500 ACRES
Brora 1 mile, Inverness 62 miles.
Highland estate with stone built house and 2 miles of white sand beach.
500 acres of let land producing guaranteed income.
*House: 2 reception rooms, kitchen, 3 bedrooms.*
In need of refurbishment.
For sale as a whole.
Excess of £45,000.
Savills, Edinburgh. Tel: 031-226 6961



**STIRLINGSHIRE** About 4,700 ACRES
Loch Lomond
Attractive and secluded Highland sporting estate overlooking Loch Lomond.
Lodge: Beside the Loch with sitting room, kitchen/dining room, 3 bedrooms, bathroom. 2 further houses.
Resident wild goat herd. Red deer stalking averaging 30 stags.
Walked-up grouse shooting and wildfowling. Salmon and trout fishing on Loch Lomond and the River Forth.
Afforestation potential.
For sale as a whole with vacant possession.
Savills, Edinburgh. Tel: 031-226 6961



**PERTHSHIRE** About 4,460 ACRES
The Balnakeilly Estate.
Perth 28 miles, Edinburgh Airport 65 miles.
Outstanding all round sporting estate with magnificent Georgian house commanding accessible situation at the Head of Strathray.
House: 4 reception rooms, library, gun room, 9 bedrooms, 5 bathrooms. Central heating. Exceptional walled garden, policy woodland. Parkland.
*Farmhouse, 4 cottages, in-hand farm. FGS approval for 1,405 acres.*
2 Let farms producing £1390 pa.
317 acres arable and in bye, 56 acres woodland, 2,658 acres hill.
Driven grouse moor with 2 beats. Stalking. Lowground shoot.
Flight pond. Trout loch.
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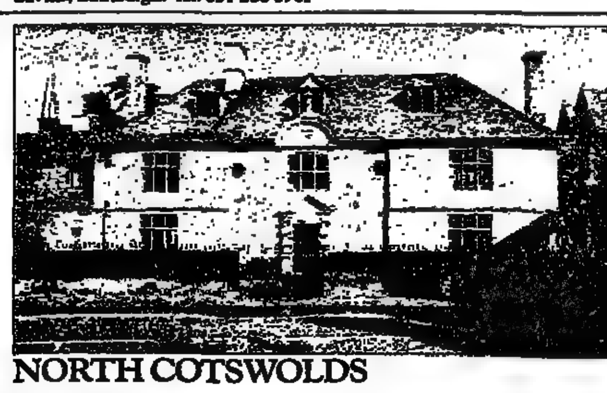

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# London Property

• PROPERTY •

# La Dolce Vita for every size of pocket

John Brennan on canny Britons who are buying Tuscan property

THE TYPICAL holiday villa or apartment close to sand and sea may be ideal for some. But the more discriminating British buyers are turning their backs on the noisy night life and overcrowded beaches, preferring to mix their sun with the peace and tranquillity of life inland.

Tuscany used to be the province of romantically inclined writers in search of Italian inspiration. Now, more people are discovering its charms and the delights of its southern neighbour, Umbria.

The "green heart of Italy," Tuscany and Umbria, once the epitome of style for the English aristocrat wintering abroad, are now rapidly regaining their popularity with British buyers seeking an individual villa in a more restful location.

Once the cradle of the Roman Empire—the ancient Etruscan civilisation is one of the earliest known in Western Europe—modern Tuscany, with its rolling olive-planted hillsides, lush vineyards and immense chestnut forests, has much to offer.

The visitor is struck by the subtle blend of traditional architecture and landscape. Viewed across the gentle hills and fern-clad countryside, the old Tuscan houses are as harmonious a part of the scene as the cypress and olive trees. To cap it all, the famous wine-growing area of Chianti lies at the heart of the region.

As a holiday or retirement area, few could do better than Tuscany and Umbria. They are sufficiently off the beaten track to ensure rural peace, but easily accessible by road or rail—around three hours' drive from the French border. And the coastline that inspired Byron and Shelley not far away, with Florence on the doorstep and the ski slopes only an hour distant.

Many Britons have bought homes in this unspoilt part of Italy. Although there is plenty of property around, the market geared towards foreigners is relatively small and you will not find many estate agents' sale boards. Be prepared to tramp around the countryside to find what you want.

Every kind of residence is there—mansions, medieval stone cottages, town houses, derelict barns, even the occasional castle going for a song. Although land prices are no longer particularly cheap, buyers do get a lot of property for their money. Most homes have three or four bedrooms, spacious kitchen and bathroom, outhouses and up to 10 acres of land.

The characteristic old houses have thick stone walls, rustic tiles and huge fireplaces. Many include the beautifully formed archways typical of the region. Also, as the world's finest marble is quarried nearby, the floor you walk on can be worth almost as much as the property itself.

Some of the best buys nestle in the ancient hilltop villages, crowned with traditional pink-bricked buildings and winding cobbled streets. A substantial terraced house, with 6 in-thick walls and solid oak beams, paved courtyard in front and garden with fruit trees behind, can still cost as little as £25,000.

A farmhouse on the hillside overlooking Florence, Siena or Pisa provides the owner with a choice of views and the sea is barely an hour away by car. However, the closer to Florence, the more expensive the property.

The range for Tuscan property is £10,000 to £15,000 for a tumble-down cottage and around £60,000 for an abandoned farmhouse, ripe for renovation, standing in around four acres of ground in open countryside.

Some of the tiny town houses and derelict barns can be found for less than £10,000, but they will require a great deal of work. So check that consents have been given for restoration before signing the agreement.

As a rough guide, you should double the purchase price to allow for conversion from a dilapidated country property to modern, sound and dry accommodation with kitchen and bathroom. For wintertime occupation, some form of heating would be essential here.

In the green hills of the Chianti country, at the region's heart, small vineyards can be snapped up for below £60,000. They usually include a derelict house, stables and outhouses. Although good arable land is not cheap, there is scope for an intrepid Briton, with the necessary winemaking expertise, to establish a workable operation.

A possible problem is water. Not all Tuscan properties have this (or electricity, either). The nearest source of supply could be miles away, so it is important to check at the outset that this necessity is easily and readily available.

On the other hand, there are superb country estates costing more than £600,000. All pockets are catered for. At the upper end of the scale, London agent John Wood recently was asking £95,000 for a 17th-century Tuscan farmhouse, extensively restored but still retaining its original features, surrounded by 5,000 sq metres of woodland. (John D. Wood, London office, 01-629 9050.)

One new project incorporates traditional village life with the comfort of 20th-century living. Castelfalfi, a medieval village once owned by the Medicis, has been transformed into a 4,500-acre residential estate with tennis courts and golf course.

The ancient buildings have been converted sensitively into modern self-contained units with every effort made to retain the original features and preserve the architectural details. One-bedroom apartments range in price from £35,000 to £85,000, while three-bedroom duplexes fetch closer to £140,000. Chestertons Overseas, based in London (01-937 7244) is the agent for this development.

Several offerings in Tuscany are on the books of Brian A. French & Associates, an estate agent from Knaresborough, North Yorkshire. The firm handles a tremendous variety of property, from ruins to the fully renovated. Prices range from around £7,000 for a rural stone cottage in deepest Umbria, set in an olive grove and in need of renovation, to £300,000 for a fully-restored medieval castle, perched on a wooded hilltop overlooking its own 15 acres of vineyards and orchards.

For something less extreme, but just as interesting, French offers a flat in a converted 13th-century monastery. The Abbey of San Faustino has been restored carefully and converted into modern self-contained apartments selling from £38,000 to £60,000 for units with two and three bedrooms. Tennis courts and swimming pools are available in the old monastery grounds for the exclusive use of owners.

Or, how about the substantial village house for sale in Collodi (where Pinocchio was raised) with its honey-coloured stone walls, paved terraces and beamed ceilings, fully modernised, for around £35,000?

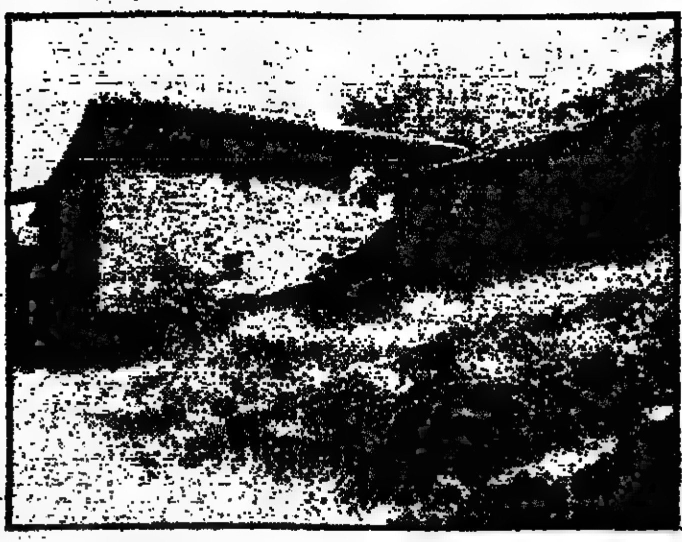
The typical Tuscan farmhouse, stone-built with a red-tiled roof, full of character, with big open fireplaces and magnificent arches and a couple of acres of land around, costs from around £60,000, after being modernised. A similar property in the raw state would probably fetch around £45,000.

Other estate agents who specialise in property in Tuscany and Umbria include regional specialists John and Lillian Turnstill, of Italian Properties, based in Eckington, Worcestershire (0386 750133); Rainbow Properties, Milton Keynes, (0908 567707); and IPI, 34 Ship Street, Brighton (0274 774098).

These agents are able to offer a complete service to buyers including financial and legal advice and detailed local information. They can also supervise restoration and manage rentals.

The region is serviced by two international airports, Florence and the rapidly expanding Pisa. There are direct flights from London (Heathrow and Gatwick), Birmingham, Manchester and Glasgow. Prices of return flights vary according to the time of year. Alitalia's cheapest fare, its super Apex, is around £150 return.

Villa holidays in Tuscany are popular with the British during May to October. Rentals on properties can fetch anything from £150 to £800 a week, depending on size, location and time of year.




A typical unmodernised Tuscan farmhouse (left) costs £45,000. Renovated (right), it fetches £60,000

SEMI-DETACHED country houses might sound like a contradiction in terms, but, just as there are flat conversions in country houses, many larger country properties that could not be managed by a single family have been divided to form a number of individual homes. Sussex agent Powell & Partner (034 282 2261) and Strutt & Parker's Lewes office (0273 475411) have two such homes on offer in the Grade II listed Old Buckhurst estate at Withyham, Sussex, six miles west of Tunbridge Wells.

Number 2 Old Buckhurst is the four-bedroom central section of the 17th-century house, which was once the home of the Sackville family. Number 2 does, therefore, include all the vaulted ceilings and panelled rooms you would expect as the former core of a bigger house. Its immediate neighbour is Number 5 Old Buckhurst, a recently renovated five-bedroomed home complete with a separate two-room and roof-terraced stone gatehouse that dates from 1582.

Number 5 (and, come to that, Number 2) stands in eight acres of garden, woodland and paddock and the agents are looking for £175,000 for the smaller, older property, around £325,000 for the larger, or £495,000 for both.

## Country Property

· PROPERTY ·

# Home is over the shop

## John Brennan looks at the exchange of houses for live-in businesses

THE RISE in house prices is blamed for any number of distorting and divisive twists in the economy. It is only occasionally seen as a motor for business enterprise, yet there is an entrepreneurial side to the phenomenon of "equity release."

Quite apart from those setting up in business who use the uncharged equity in their homes to guarantee commercial loans, an increasing number of people are going one stage further and exchanging their homes for a ready-made business they can live in.

John Howard, managing director of business agents Christie & Co, confirms that rising house prices have been a "significant factor" in the continuing steady rise in the price of public houses, hotels, restaurants and wine bars, as well as nursing and rest homes.

Howard says people are often achieving £100,000 or more for their semi-detached property, and they find that a good, small business can still be acquired for below that figure. As a consequence, people are selling up (in the South) and buying rural pubs, and other businesses in Wales, East Anglia and the North, where property values are relatively low.

He cites "the ending of political uncertainty, competitive interest rates and the ready availability of loan funds," as the other factors keeping demand for live-in businesses high.

Sub-post offices remain top of most buyers' lists, and Christie's half year analysis of the market, covering the first six months of 1987, suggests that "most purchasers are first time buyers and are seeking freehold businesses with accommodation." It is the Post Office salary that gives these properties their extra appeal.

The salary is based on sales of "Treasury items"—on the volume of pension business, premium bond sales and so forth. In a small village sub-post office the salary can be no more than a few thousand pounds a year. But at least it is regular, and it is secure, and for anyone making the move from a salaried job, that's an appealing combination.

Christie reports that sub-post masters generally expect that the presumed eventual privatisation of the Post Office will increase their opportunities to widen their trade, and so far this year demand outstrips supply in all parts of the country. New buyers tend to have a mental picture of an idyllic village sub-post office complete with a home above or alongside the shop, and such properties do change hands as regularly as the less immediately appealing leasehold lock-up offices where values relate more directly to the salary and to retail sales.

It is still possible to find post offices in rural/commuter areas of Kent for between £80,000 and £160,000, and a £140,000 sale in Suffolk this year brought the buyer a four-bedroom detached bungalow as well as the sub-post office and grocery store. Semi-retirement buyers tend to head for the South West, and as the £180,000 sale earlier this year of a high salary sub-post office with four bedroom accommodation at Fremington near Barnstaple shows, this is one area of business property that, in terms of price, can still represent a realistic alternative to a family home.

Newsagents are less risky businesses than they might seem, since paper and magazine wholesalers don't swamp their outlets by selling to just anyone. You would not, therefore, find it easy to set up a news store alongside an established newsagent—even if you could win planning permission for the shop—unless the volume of trade was clearly sufficient to justify the competition. Here again, Christie reports most demand for freeholds with living accommodation.

There are a number of big family-owned newsagency chains, particularly as the Asian community has adopted the inner city, local shopkeeper role as its own. But for every mini-retail empire (and as A. J. Patel's recent purchase of the 300-shop Findlay chain from Hanson Trust shows, some of these commercial empires are far from "mini") there remain dozens of individual local shops bought as much to be a home as a business.

Christie notes the two-tier nature of this market, with urban newsagencies selling on turnover and offering scope for expansion by putting on long hours and extra lines of goods, while rural ones tend to be valued for the lifestyle they offer.

"The village store, if enjoying a monopoly trading situation, is still receiving the greatest amount of interest, as many purchasers are predominantly looking for the lifestyle and a village environment, which can even outweigh the financial returns," says Howard.

Tea rooms attract the gentleman/lady entrepreneurs when it comes to restaurant and wine bar properties. Restaurants proper are increasingly reserved to the professional players, with "far fewer inexperienced first-time buyers entering the field."

You can still go into competition with the Fortes for around £100,000. And buying a small private hotel off the main tourist trails continues to appeal to a wide range of buyers although there is now fierce corporate competition for the best country house hotels. Nationally, Christie's hotel price index this year is expected to top 1986's 11.47 per cent price rise, and individual buyers have largely been priced out of the London market. In London, the £100m spent on housing the homeless in bed and breakfast accommodation—the DHSS factor—"has produced a remarkable increase in prices of both small and medium tourist hotels."

Cheap pubs are a thing of the past as well, and in the South of England, Christie comments that "the days of the freehouse under £100,000 are numbered." Nursing and rest homes have become steadily more popular as residential businesses and Christie notes a division of the market into the 25-bed and under homes, "which appeal mainly to first-time buyers and owner-occupiers who usually demand proprietors' accommodation," and the 25-plus bedroom homes that appeal to corporate buyers.

With 11.5m people aged 60 or over and forecasts of an extra 1.75m over-60s by the year 2010, pressure for nursing and rest home accommodation is, self-evidently, growing. The agents report that despite the stricter implementation of the terms of the Registered Homes Act, which is making it increasingly difficult for new operators to convert older buildings, in areas such as the Home Counties "there has been a colossal growth in the number of homes registered in the past 12 months." As a result, buying yields have remained fairly stable, with "purchasers looking for an investment of between 15 and 20 per cent."

# State of the art

The Salutation

Deanery Garden

TWO HOUSES showing distinct periods in the development of Sir Edwin Lutyens' architectural style have been brought to the market through Savills. The Deanery, now known as Deanery Garden, at Sonning-on-Thames, Berkshire, is a 1900-1903 Grade 1-listed example of his Arts and Crafts style. The Salutation at Sandwich, Kent, also Grade 1-listed, dates from 1911 and is a far more classical work—part of what the architectural buffs like to describe as Lutyens' "Wrenaissance."

Deanery Garden has rarely been out of the glossy magazines since it was built for Edward Hudson, founder of Country Life. It was painstakingly restored a few years ago by Sir Nigel and Lady Broackes. Since Sonning is just a 40-miles chauffeur-run from Central London, stands no more than 22 miles from Heathrow, and is 3.5 miles from Reading—with four trains an hour, even in off-peak times, taking less than 30 minutes to Paddington Station—Deanery Garden does have the kind of location that explains its £4m price tag, quite apart from its architectural appeal.

The house stands in a two-acre walled garden designed by Gertrude Jekyll. Apart from the eight-bedroom main house, the sale includes vacant posession of the three-bedroom, Grade II-listed "Little Deanery" cottage, a two-bedroom lodge, and the separate, single-bedroom Mulberry Cottage. So there is ample accommodation for staff. Perhaps the only strikingly eccentric thing about the property is the present owner's decision to have the internal timbers of the house lightened, reflecting an un-Arts and Crafts enthusiasm for rooms with a more "airy air" about them.

The Salutation is one of Lutyens' pseudo-Georgian country houses, an ideal version, in effect, of what a Georgian country house might have been if the builders of that period had not been prone to cut corners on the design, finish and standard of material used to bring their contracts in on budget.

The house, at various times, has been bought to become a country hotel, a sub-divided apartment block, and other more commercial uses. But the planners blocked anything other than private use of the property.

Now there are enough private buyers to create an active market for £1m-plus country houses which require live-in house and garden staff. As Savills' Richard Page says, by the time you add staff costs to heating, lighting, repair, maintenance, and rates bills, you are unlikely to see much change out of £50,000 a year spent running a mini-mansion, which many owners will visit only at weekends.

The Salutation is set in another Gertrude Jekyll-designed garden, which covers 3.5 acres of rather less well maintained ground than the Deanery's. Richard Page (01-499 8644), who is handling both these Lutyens' sales, expects to achieve about £1.25m for the seven-bedroom house, which has both a staff flat and a self-contained, three-bedroom wing. The Salutation estate includes the five-bedroom Knightrider House, a two-bedroom coach house, a three-bedroom gardener's cottage, and a gatehouse with its own bedsitting room.

Sandwich is 12 miles from Dover and Canterbury, and 19 miles from the start of the M2. It isn't a natural weekday commuting spot—it is a couple of hours by train from Cannon Street or Charing Cross.

J.B.

## Overseas Property

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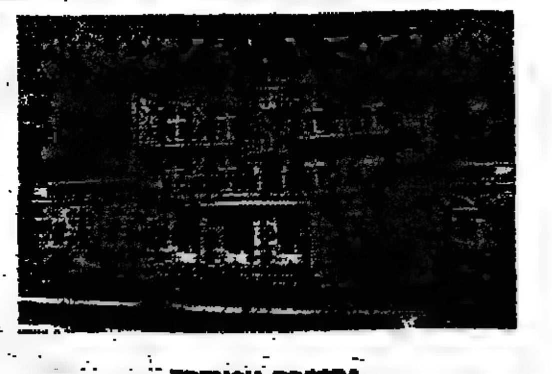

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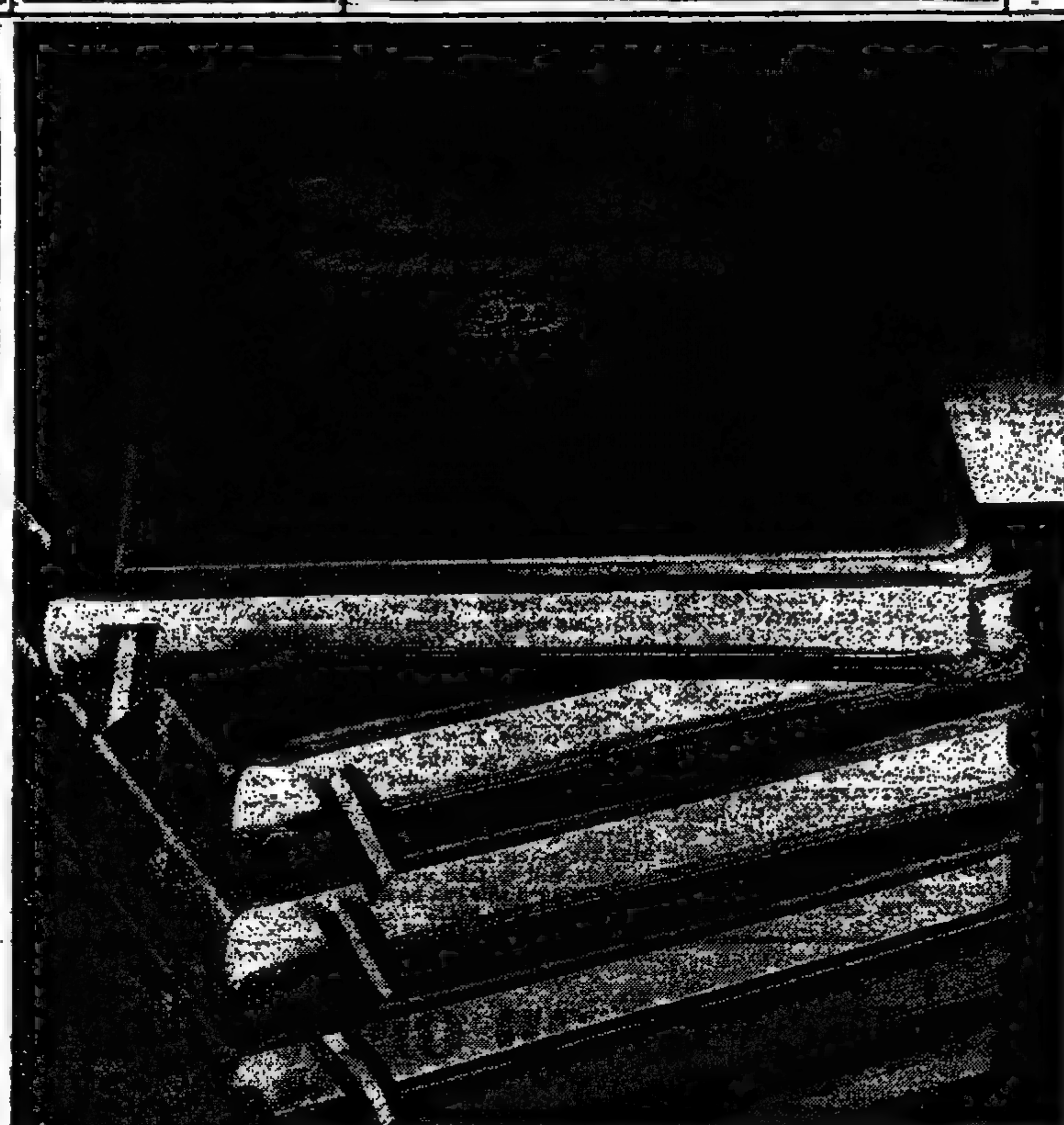

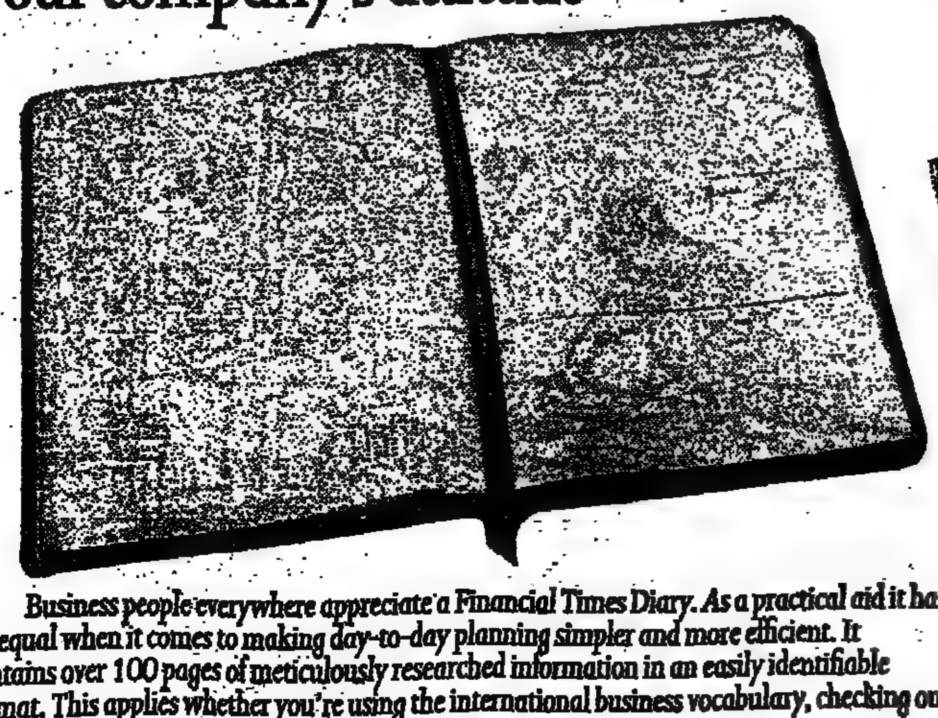

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FINANCIAL TIMES Diaries

**Here today, here tomorrow.**

Skiing in Killington, Vermont: provision for the macho with a wickedly steep mogul field

# Stateside snow business

FROM THE windows of the condominium the snow looked mushy, but Americans are more scientific in these matters. On the early morning television, Channel TV8 was supplying the local skiing forecast—sponsored *by Country Kitchen Bakers* — and the conditions, it said, were "wet granular."

This, it transpired, meant snow granules softened by a thaw and was not to be confused with loose granular or frozen granular. In such ways one learns that Americans have their own style for the slopes.

Just as motels offer "courtesy *coffee," so resorts flaunt* piste politeness. The jostling of European lift queues is almost un*known; patrols have the power* to cancel the lift tickets of manic skiers, and "snow *hostesses" proffer* "meet the mountain" tours. The ill-mannered draglift is virtually an extinct species — instead there are such well-behaved chairlifts as the "detachable high-speed quad," which seats four and slows for dignified take-offs and landings.

Europeans tend to think of American skiing in terms of the *Colorado Rockies, but there are* 550 resorts across the US and another 250 in Canada. Fifteen *of these are linked* with Ski USA, an umbrella marketing organisation, and last spring I *visited four*—two *in* the north-east and two in the west — to gain a snapshot impression of the diversity of US skiing.

## Roland Adburgham gives a piste by piste account of US winter sports resorts

The contrasts in style are not *just with Europe but across the* continent. In the officious east, notices pinned to the chairlift *pylons command:* "Close lift bar —Vermont State law." In carefree California there may well be *no safety bar to close,* you swing on your perch like a precarious parrot.

Unlike the balaclava brigade in the often bitter east, your suntanned Californian companions may be dressed like parrots. The more discreet wear Hawaiian shorts without the garlands.

The coldness of the winters in the east gives the lie to any belief that American skiing is just for sybarites. The condos (no other abbreviation is acceptable) may have cable TV, saunas, jacuzzis and health clubs offering "body composition analysis." En route, though, as one drives past New England's maple woods and *post-colonial houses* — with satellite dishes planted in the gardens like overgrown fungi —*roadsigns warn of the sever*ity of the weather: "Bridge freezes before road."

*At Killington in Vermont,* one of the best-known New England resorts, cautionary notices say: "The mountains will be just as cold and lonely tonight as they were 200 years ago. Do not ski alone." Somewhere out there, black bears wait.

The highest of Killington's six linked mountains is only 4,241 ft, although this efficient resort manages to have 17 lifts and 100 trails (pistes), *including the Juggernaut,* which trundles through the woods for 10 miles. For the macho there *is a wickedly steep mogul* field called Outer Limits.

Despite its low altitude, Kill*ington stretches its season from* October to June with a combination of a turbocharged nightlife and artificial snowmaking. The man-made snow can be an acquired taste—in the warmer weather of late March the snow was a passable imitation of *cream whip. So determined is* the resort to carry on skiing that, when the snowfall turns to drizzle, *it issues free plastic* rain jackets.

Lake Placid, set amid the Adirondack mountains in New York State, is another resort suited to metropolitan weekenders or to travellers to the US who can schedule a few days' skiing. Both places are within *reasonable driving distance of* Montreal, Boston and New York.

On the strength of hosting the *1932* and *1980* winter *Olympics,* Lake Placid bills itself as "the winter sports capital of the world." The alpine skiing, on Whiteface Mountain, is almost a sideshow to the ice-skating rinks, bobsled and luge runs, cross-country trails and ski jumps.

The downhill skiing is from a maximum altitude of under 4,500 *ft,* and with no more than eight lifts and 28 trails. The Olympic Regional Development Authority, which runs the resort, says with precision that artificial snowmaking covers "98 per cent of the skiable terrain."

Nearly half the runs—with *views over the* hills and lakes of a 6m-acre state park—are graded expert.

Back at Lake Placid village, all is fostered folksiness with immaculate weatherboard *houses nestling among* birch and pine trees. A real estate broker offers aerial inspections. *The main street borders Mirror* Lake, a sheet of ice even in late March, criss-crossed by the tracks of *dog sleds* (strictly for tourists).

Out west, at Lake Tahoe, *At the south end is Heavenly* Valley, which calls itself "America's largest ski resort." The *town straddles the state* line: on the Nevada side there are casino hotels in a Reno-style *strip;* on the Californian side there are "adult" motels which offer "hot spa, free coffee and donuts, water beds and Queen beds."

The slopes, rearing up behind the strip to over 10,000 ft, are as spectacular as the town is tacky. The two states are draped on either side of the mountain range. On the *Nevada side it is* open skiing among scattered, stunted trees and rocks; thousands of feet *below is the bare brown plain* of the desert. On the Californian side the runs are *between soaring Ponderosa* pines and Douglas firs, high above the unruffled lake.

It is a fun-in-the-sun atmosphere, but the skiing can be tough. Mott Canyon for "super experts" is described as a "highly unstable area . . . of steep bowls, canyons and chutes." One takes their word for it.

Two of the hardest mogul runs are nearest the bottom: East Bowl and Gun Barrel. The resort suggests that, at the end of the day, you "download on the Gun Barrel" — ie, descend *on* the lift. If you don't, any tumble will be embarrassingly public — "spectated," as Americans say, by *people play harder.* The mood is set by the gateway city, Reno, where casino hotels are 24-hour hypermarkets of green baize and slot machines. For a longer-term gamble there are $100 wedding chapels ("free gift, *free witness, free cassette*").

It hardly ever snows in Reno, but the city wants downhillers as well as high rollers (publicity shots depict sequinned showgirls clutching their skis), and it claims there are 18 downhill resorts within 90 minutes' drive, perched around Lake Tahoe.

The lake, named after the Washoe Indian word for Big Water, is one of the world's largest alpine lakes, some 20 miles long and at an altitude of over 6,200 ft. Mark Twain said that the water was "not merely transparent, but *dazzling, brilliantly so,"* and it remains of a pure, profound blue, like the stained glass of *Chartres.*

hundreds of college kids swigging beer and cola at the base-lodge (modestly described by the resort as possessing a "truly western ambience to rival any drinking establishment this side of the *Mississippi*").

At the north end of the lake, Squaw Valley draws a similar clientele. It was the home of the 1960 winter Olympics and prides itself as a 21st century ski resort, extolling its piste grooming and 27 lifts.

As at Heavenly there is no need for man-made snow: average annual snowfall is some 37 feet. In mountain lodges called Gold Coast and High Camp you can eat curried chicken with banana slices and nuts, or take advantage of the "spacious brown bag room."

Compared with Heavenly, Squaw Valley — which is where the Washoe women once lived — has more open bowl skiing, spread below six peaks with names like Red Dog and Broken Arrow. The challenging runs include what is de*cribed as the* "legendary" KT22 from 8,200 feet. This is so-named because one of the first *people to ski it took* 22 laborious kick-turns (stopping to turn the skis) to descend through the rocks and trees.

We skied it on a day when there was fresh clammy snow on lumps of broken ice. In parts the slope was so precipitous that you couldn't see where you were heading (or falling). It felt an achievement to get down neither scalped by the rocks nor in 22 pieces.

Despite, or perhaps because of, such adventures, Squaw Valley shows why the US is a happy hunting ground for European skiers who can afford it. Gerry Manser, a partner in American Dream, the independent UK company which specialises in US skiing holidays, says: "We are aiming at the top end of the European market—trying to collar the Swiss market which is getting more and more expensive." In other words, even wet granular man-made snow is preferable to no snow at all.

● **Further information on resorts from Ski USA, Bewi Productions, 80 Eighth Avenue, Suite 1102, New York NY 10011. American Dream (tel. 01-470 1181) has about a dozen destinations with prices from £449 for seven days.**

**Among *other operators*, Intasun has two US destinations this year from £499. TWA (01-636 4090) and Pan Am (01-409 3377) fly from the UK to several ski gateway airports: *Continental Airlines Tours* (tel: 0293 776979) has eight destinations with packages from £499 for seven days in Aspen.**

**It is best to take boots but not skis: good skis can be hired for under $50 a week.**

Annalena McAfee visits Umbria, known as the green heart of Italy

# Scenery for saints and sinners

LIKE THE *Dordogne, Tuscany* can sometimes seem like a Continental Cotswolds. Some *Britons have gone native* and live there permanently, some spend half the year there and others *swear they would never* take their annual leave anywhere else. But the neighbour*ing region of Umbria seems to* have been overlooked by the new colonials.

*This landlocked cluster of re*markable medieval towns set in mellow countryside has some*how largely escaped the atten*tion of tourists and second-homers. First-time visitors are torn between a desire to hug their secret to themselves and an evangelical urge to spread the word: "Hurry now *while* stocks last."

Bordered by Emilia-Romagna, Latium, the Abruzzis and the Marches, as well as by Tuscany, Umbria is known as the *cuore verde,* green heart, of Italy. Its mountains, hills, lakes and streams have a sense of mystery and a resonant light which recall the haunting paintings of Samuel Palmer. This is a landscape which has inspired visionaries, fostered a tradition of asceticism, and harboured many hermits and monastic communities.

Umbria's less celebrated ecclesiastical figures include Saints Felice, Fidenzio, Terenzio, Faustino and Illuminata. Norcia was the birthplace of St Benedict, who founded the first *monastic order.* In Cascia there is a sanctuary to St Rita, patron saint of the impossible, *who has been adopted by* women enduring unhappy marriages. A recent survey declared *Rita to be the most* popular saint in Italy. Her converse, St Valentine, patron saint *of lovers, is buried at* Terni.

But Umbria's best known saint, indeed the patron saint of all Italy, rests in Assisi, a beautiful town more spiritual than secular, spread across the slopes of Mount Subasio and crowned by its magnificent arched basilica.

Here, foreign visitors are pil*grims rather than tourists,* paying homage to the 12th century playboy-soldier turned mystic who espoused the poor, loved animals and founded his eponymous Franciscan order of monks.

A century later, in the town of Todi, which graces a hill above a curve in the Tiber, another young man forsook his wild ways for the monastic life. It must have been quite a party: wedding guests were dancing so enthusiastically, legend has it, that the floor gave way and several were killed. When one *of the revellers, Jacopone* Benedetti, rushed to the body of his dead wife he discovered that *beneath her party clothes* she was wearing the hair shirt of a penitent.

She *had been, unbeknownst* to him, a follower of St Francis, one of a growing group who believed *in carrying* on the saint's work by self-mortification. At that moment, Jacopone the *hell-raiser* was converted. Thus was Todi's most famous son launched on his career *as Franciscan* Brother Jacopone, religious reformer and possibly the first protest *singer. Jacopone's laudi,* prayer ballads, survive today, many expressing his rebellion against the Vatican.

Founded in about the 5th century BC, Todi is ringed by the remains of three walls—Etruscan, Roman and medieval —creating an atmosphere part cloister and part garrison.

The town's symbol, the *Aquila Tuderte,* the eagle of Todi, recurs on many buildings and is prominent in verdisgrised bronze high on the facade of the Palazzo dei Priori.

Facing the palazzo, in the Piazza Maggiore, considered to be one of the most beautiful squares in Italy, is the 12th century cathedral dedicated to the Annunziata. The interior is rather austere and faintly disappointing, apart from a sporting imitation of Michaelangelo's *Last Judgment* by da Faenza and a startling 14th century *painting on wood* of the Madonna and Child from which the Virgin's face emerges in bas relief.

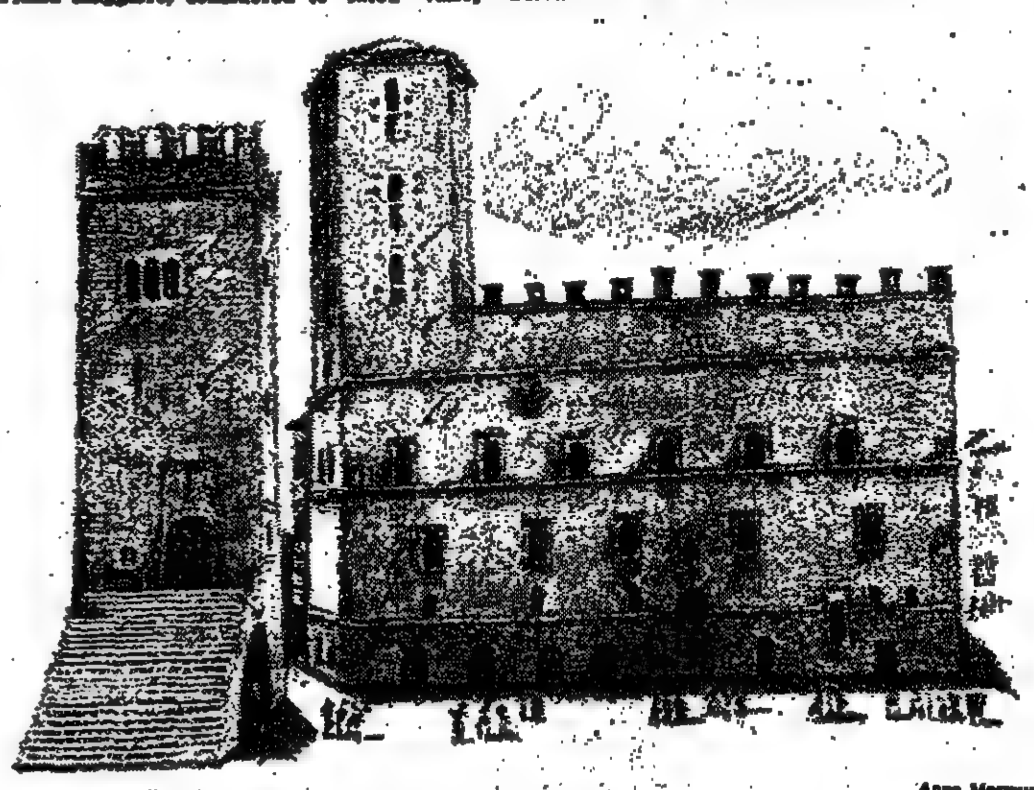
Far more rewarding is the 12th century crypt from where *I thought* I heard the sound of ghostly plainsong. I emerged upstairs to find that a workman engaged in restoration had begun sawing away at a length of wood. The acoustics of this grand edifice had *converted* the sound into something approaching that of the chant of monks at prayer.

Todi's typically medieval streets are crowded with churches, oratories and seminaries of different orders. Luther stayed in one of these on his way to Rome and St Philip Benizi, one of the members of the Order of Servants *of* Mary, died while preaching here. Breaches between buildings and summits of alleys give unexpected views over the lovely, sparsely populated valley below. In late summer the fields bristle with vast tracts of sunflowers.

Set on the outskirts of the town is the domed Temple of Consolation, a serene late-Renaissance church which curiously recalls the work of Wren. From the surrounding countryside, Todi is dominated by the belltower of the church of San Fortunato. Here, in the cool of the crypt, lies Jacopone, interred in a handsome sarcophagus.

Across the valley, in a con*verted 13th century convent, it* is possible to stay in "Jacopone's Cell." This is one of the rooms in the San Valentino Hotel and Sporting Club, which features an original frescoe of the crucifixion above the hotel reception desk. Brother Jacopone might take pleasure in the landscaped grounds; he may even overlook the tiny swimming pool, but I cannot think he would approve of the cocktails served in the crypt chapel, let alone the mini-bar in his cell.

● **Magic of Italy (01) 748-9900 *offers one week in a* double room in the San Valentino Hotel for £487 per *person including return flight* (via Rome) plus hire of a car for one week.**



The Palazzo dei Priori in the medieval town of Todi

Anne Morrow

This week: Villa Corner della Regina, Veneto

# Exquisite exile

POOR KATHERINE, Queen of Cyprus. Deprived of her strategic island by the Venetian imperialists, the 15th-century monarch was left to languish in exile in Asolo. At least that is the conventional view. Anyone with the most tangential knowledge of the Italian hill town must wonder whether sympathy is really appropriate.

One look at the Villa Corner near Castelfranco, thrown in as further consolation by the Venetians, confirms all suspicions, for the sense of splendour and serenity is pervasive. There can't have been many more pleasing ways to sit out an exile.

Since Katherine's day the villa has acquired a Palladian facade, 22 acres of vineyard and a splendid pool — plus the status of a country hotel and restaurant. Today's refugees — fleeing urban stress and office, rather than international politics — find sanctuary in the villa's rural surroundings and its quiet landscaped grounds where only the statues (32 in all) jostle each other.

There are only 11 suites in the main villa and 12 rooms in *the adjoining* converted stables so, even at optimum occupancy, guests have a great sense of privacy and *fantasists can per*suade themselves that the hotel is their own country house. The villa *is still firmly in the hands* of Italian aristocracy: Count Nicolo Dona dalle Rose, who converted it into an hotel in 1983, comes from a long line of Venetian Doges.

Suites in the villa itself are large, comfortable and very pretty. Barn-door sized shutters open onto endless garden vistas. The decor combines simplicity and opulence: plain linen, a touch of lace, solid traditional furniture, and ornate marble-topped tables.

Old prints and portraits reinforce the impression of a stately home still inhabited by the original family, as does the vast drawing room, eccentrically hung with candy pink stripes like a marquee. The dead hand of corporate good taste has, thankfully, never ventured here.

Breakfast in the Villa Corner is like dining in a large conservatory. French windows lead onto velvet lawns and piped music —the only acceptable kind—is provided by the birds. Lunch is served by the pool and the villa's own Prosecco white wine—light and sparkling—is sipped overlooking its parent vine.

## Touch of class

The hotel manager, Emerico Samassa-Mayer, author of books on deep-sea fishing, treasure hunting and Africa, also advises that the Prosecco makes an *excellent start to dinner*—"it *is* so light you can drink as much as you want without getting a *hangover."*

In many hotels that operate on a half-board basis, dinner seems to be an afterthought, borne out of duty. Not so at the Villa Corner, where Italians travel considerable distances for the privilege of indulging in the same fare as that enjoyed by residents.

So enveloping is the peace of the hotel that many visitors use it as a restful base from which to explore Venice, less than an hour away by car. They argue that for the same price they can end up buffeted by fellow tourists in the heart of Venice, in a tiny room in a hotel with harassed staff serving indifferent food.

The hotel is also within touring distance of many other worthwhile centres including the walled town of Castelfranco, with its cathedral altarpiece by Giorgione; the university town of Padua, with its remarkable cathedral of San Antonio; the stalactites and stalagmites of the caves of Oliero and, of course, Katherine's other compensation —Asolo. Poor Katherine, indeed.

● **The Villa Corner della Regina, 31050 Cavasagra di Vedelago, Veneto, Italy. Tel: (01039) 423-481-481. Telex 433391 Corner I. Booking can also be made through British operator Magic of Italy: (01) 743-9900, which offers one week half-board from £769 per person including return flights with Orion.**

**Annalena McAfee**

# Feathers and fetishes of an old empire

## Treasure Trove

LA ROCHELLE on the Atlantic coast was one of the great ports of France. From Jean de Béthencourt who went in 1402 to conquer the Canaries, to the pioneers in 1887 of the Ivory Coast (commemorated in a 1937 Art Deco statue with elephants) the Rochelais explored, conquered, traded and were privateers. The sea brought riches and *skills—as it did to Bristol*— and new ideas, notably Protestantism. La Rochelle became the *Huguenots' stronghold.*

But religion and capitalism fell in 1628 to Richelieu and Louis XIII after a famous and ghastly siege. Bodies covered the streets when the king entered the city, as there were not enough able survivors to bury them. The English had failed in attempts to rescue the Rochelais.

Another blow came in 1685 when the Edict of Nantes was revoked. The remaining *Huguenots fled* when deprived of religious toleration. (Like the immigration of 1933, it *was a boon* for Britain.) But in the 18th century the city's fortunes picked up with the *growth of the sugar plantations* in the West Indies and of trade with Louisiana, even though the loss of French Canada to the British was a dampener.

La Rochelle today is a sophisticated town, mercifully little changed since the 18th century — and with many older buildings.

Two museums illustrate the travels and trade of La Rochelle. The less obvious is the Lafaille Museum, a crepuscular and unreconstructed museum of natural history and ethnography. Packed with shells, rocks, stuffed animals and tribal art from all over the world, it is one sort of museum that we go to France for: a thoroughly satisfying dark break from the bright, *well labelled, all-explained* displays, which are so educative and oh so good for us.

Here treasures galore collected by the Rochelais await discovery, whether tribal skull cult, a stuffed chamois on plaster rockwork or the ethnography of Melanesia. I liked best the classical staircase with a giraffe on the half-landing and hippo skulls *on the* baluster; a striking female statue from Mali with a head *ridged like a house; and a* fetish man from the Ivory Coast, stuck with nails, holding a spear, and with his vital organs in a box on his stomach.

The Museum of the New World in the finely restored *Hotel Fleuriau is quite differ*ent. Opened in 1982 to celebrate 300 years of Louisiana, it *is well lit* and well displayed and *sets out* to teach. The lessons of how much the *French achieved in America* and of the impact of America on France are especially valuable for Anglo-Saxons who forget the sea lanes to the south.

Rochelais ships went to Canada, Nova Scotia, Louisiana, Guayana and the Caribbean. From Africa they took slaves, not just curios. There is a picture of Moors catching the slaves. And a gilt Empire clock has a negro on a ship. Many slaves went to the sugar plantations. A picture by A. Soldé shows a fête champêtre on a plantation, the big house dominating the background. *La belle France* is transferred to the wild, as whites and blacks *disport themselves.* One's *first* thought is of a new natural order. But at a closer look, the whites sit, the blacks carry and work.

So old standards were still to be maintained in this New World harmony. And Crusoe and Vendredi (Man Friday) were popular on prints in France: they knew where they stood with each other. Even in religion things were not equal. A missionary is painted making his way through an Amazon forest — carried in a litter.

What mattered most to the Rochelais was the wealth of the New World. The Hotel Fleuriau itself is one sign. Elegant and comfortable, it was built by money from sugar farming. There was also the exotic wealth. Tapestries and pictures revel in the gold and pearls, parrots and alligators, and native princesses. The most telling symbols are feathers— worn by the Indians but with intimations of the vanity of the peacock, and of classical worlds —and topless nudity.

Innocent, rich, primitive America brings wealth to Europe. And Europe — as far as La Rochelle was concerned —knew both how to relieve America *of its surplus,* and to send the life of the chateau to the sugar farm.

An essential for securing this wealth was rope. Twenty miles to the south at Rochefort the great naval arsenal that Colbert founded for Louis XIV is being restored for the public. The ropeworks is magnificent — a one-storey chateau over 400 yards long — and has been done magnificently. (Europa Nostra gave it a medal this year.).

The museum inside, with *advertising displays of* technology for the America's Cup and photographs of the *Chatham ropeworks,* is a disappointment. It was not worth 15 francs a head, but perhaps the *money goes* to the restoration.

Rochefort is a 17th century new town, laid in tidy blocks and most atractive. *The exotic* writer and traveller Pierre Loti came from there. His house is now a museum, which there was not time to see. A pity, since he built himself a mosque!

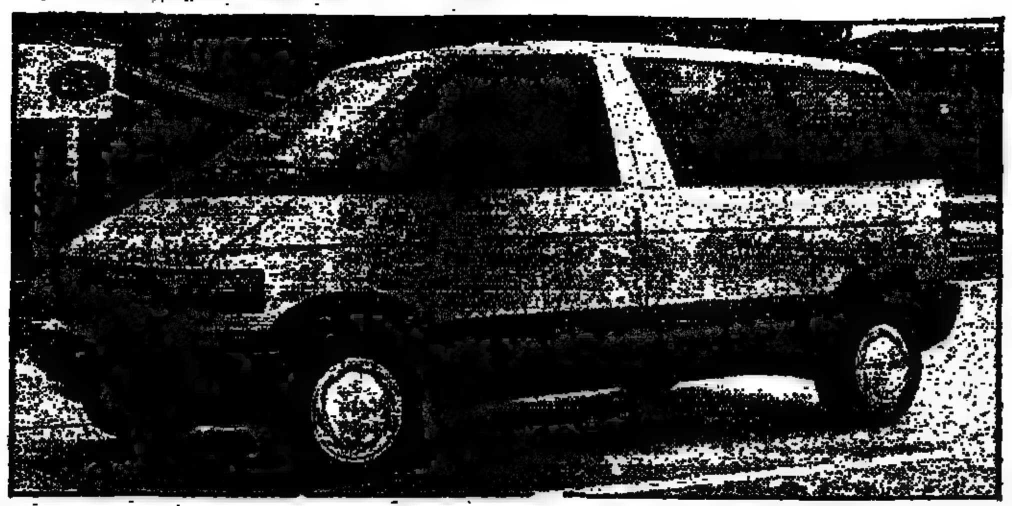
● **La Rochelle: Lafaille Museum shut Mondays, Museum of the New World shut Tuesdays; Rochefort: Loti House shut Tuesdays. Both towns have other museums.**

**Gerald Cadogan**

The Lafaille Museum of natural history and ethnography, La Rochelle

Motoring: **Stuart Marshall** previews Frankfurt and looks to the 21st century

# High on chips and low on fuel



*Ford's HFX Aerostar . . . it can even display messages to following traffic*

**The Renault Vesta 2 . . . ultra-economical but still a practical small family car**

WILL THE family car of AD 2000 be a microchip-crammed six-seater—or a compact, ultra-lightweight four/five seater with so modest a thirst for fuel that it makes today's economy cars look like dipsomaniacs?

Much, of course, depends on whether there is a repetition of the oil crises of 1974 and 1979. Perhaps there will be room for both—the big one in the US, the small and super-frugal one in Europe, where we expect to pay through the nose for our petrol.

The alternatives are among the most interesting exhibits at the vast Frankfurt Show which opened yesterday.

Ford's HFX Aerostar is a $7m design concept based on a popular "one-box" people carrier. It looks like a cross between a Transit van and a Renault Espace. Apart from its 26 on-board computers, it has a sonar system. This peeps if an object such as a lamp standard or another vehicle is too close or in the Aerostar's blind spot.

The computers—one prays they never go wrong—control engine management, anti-lock brakes and wheelspin control system, automatic transmission and self-levelling air suspension. They provide all kinds of information graphics for the driver. A panel on the rear will flash short messages to following traffic such as "Out of gas." Others like "You are too close" come to mind.

The HFX will never be built though some of its systems will be appearing before long in cars in the US. Elaborate electronic displays have greater appeal to the motoring public there than they do here.

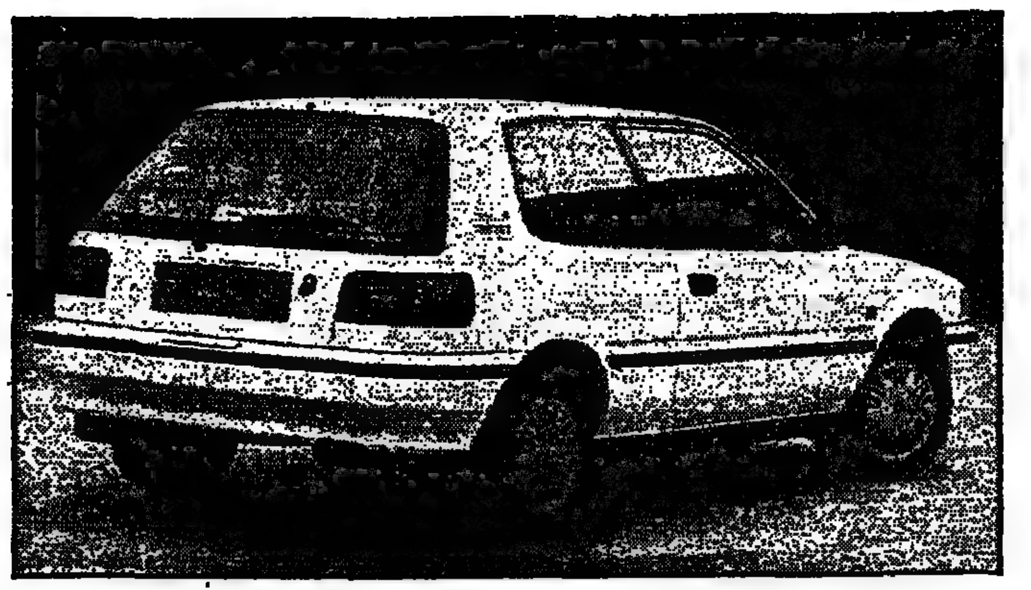
Renault's Vesta 2 is also purely experimental but future volume products must benefit from its fuel-saving features. A *family* car that will return 145 mpg (1.94 litres/100 km) at an average 62.7 mph (101 km/h) on the Paris-Bordeaux autoroute sounds like an impossible dream — but the Vesta 2 did it recently, admittedly in expert hands.

Vesta 2 has a 716cc capacity three-cylinder petrol engine and five-speed gearbox. Renault toyed with a CVT (continuously variable transmission) but decided it could not quite match the fuel efficiency of a manual gearbox.

Pneumatic suspension keeps the body at a constant height which is vital if aerodynamic drag is to be minimised. Above all, the Vesta 2 is light, weighing less than a Citroen 2CV or even a Fiat 126.

Turning from future prospects to present-day realities, Frankfurt maintains its reputation as the German motor industry's shop window. This year, BMW has upstaged Mercedes somewhat by presenting a long-awaited four-door estate car version of the 325i and confirming that the Z1 convertible roadster will go into production. The magnificent V12-engined 750i is also making its Frankfurt debut.

The 325i Touring has a luxury specification. In the words of Paul Layzell, BMW GB managing director, it is no plodding load carrier but a car for the 3-series enthusiast who requires greater flexibility for his leisure activities. It comes to Britain next spring. The price must be in the polo-playing rather than wind-surfing brackets.



Eight brand-new Toyota Corollas went on sale in Britain this week and the ninth—an estate car—reaches the showrooms next month. They range from a 1.3-litre, three-door GL hatchback (pictured) at £6,999 to a 16-valve, 1.6-litre GT-i that is a rival to cars like the Golf GTi, Peugeot 205 GTI and Escort XR3i at £9,950. The range includes a GL four-door saloon at £7,349 and three-door and five-door automatics at prices from £7,460 to £9,360.

The 1.3 GL hatchback and saloon that I drove in Luxembourg and Germany last month impressed with their refinement, lively performance and good ride, but most of my driving was in the GT-i. Power-steered and on *low-profile tyres, it handled* beautifully on winding, hilly roads and felt unfussed on the autobahn at 120 mph (193 km/h), even though the engine was spinning at 6,000 rpm.

Despite its twin overhead camshafts, it was so quiet at tick-over that I thought at *first it had stalled.* Toyota's mastery of multiple valves is matched only by the silkiness of its gear shifts.

In appearance, the three-door hatchbacks and four-door saloon are clean if a little bland. But the five-door hatchback, which Toyota insists on calling a liftback, is distinctively different. It has an aerodynamic spoiler merging neatly into a very large and curving back window.

The interiors are elegant in the European manner and the equipment as comprehensive as you expect of a Japanese product.

With a six-cylinder, 2.5 litre engine and a composite steel/plastic structure, the Z1 is described as a genuine roadster, classic in tradition but avant garde in design. Limited production starts next summer.

Although it has no new models on show, Mercedes-Benz unveiled at Frankfurt the world's first series production front passenger air bag. For two years it has offered one for the driver's seat at a cost of £1,100. A seat belt still has to be worn but the air bag, which inflates instantly at the moment of impact, makes facial injuries less likely. For the time being, the front passenger air bag will be offered only on the S-Class saloons.

The Mercedes 230CE and 300CE coupes based on the mid-range 200/300 saloons are now available in Britain. I drove one out to Frankfurt and made the return journey in its flagship model, the V8-engined 500SEL saloon. More of this next week. Also new from Mercedes—a version of the cross-country G-wagen with the same five-cylinder, 2.5-litre diesel engine as is used in the 190D and 250D models.

## Exhibitions

# Follow the van . . .

IF YOU have wondered how a 1950s cocktail cabinet was made, go to the Geffrye Museum in London's East End. Nathan Rosenberg, now in his 80s, will reveal all, courtesy of a three-minute video.

If his boat-shaped tour-de force in bleached burr walnut is not to your taste, there is, say, a "Chinese" lacquer cocktail cabinet designed by Mrs Ray Hille in 1918, or Doris Young's mahogany dressing table made for her daughter in 1959. Its drum containers are topped with purple formica to defy the ravages of nail varnish. All three are part of a fascinating documentary exhibition that traces the fluctuating fortunes of the East End furniture trade from 1830 to the present day ("Furnishing the World," Geffrye Museum, Kingsland Road, E2, until January 3 1988).

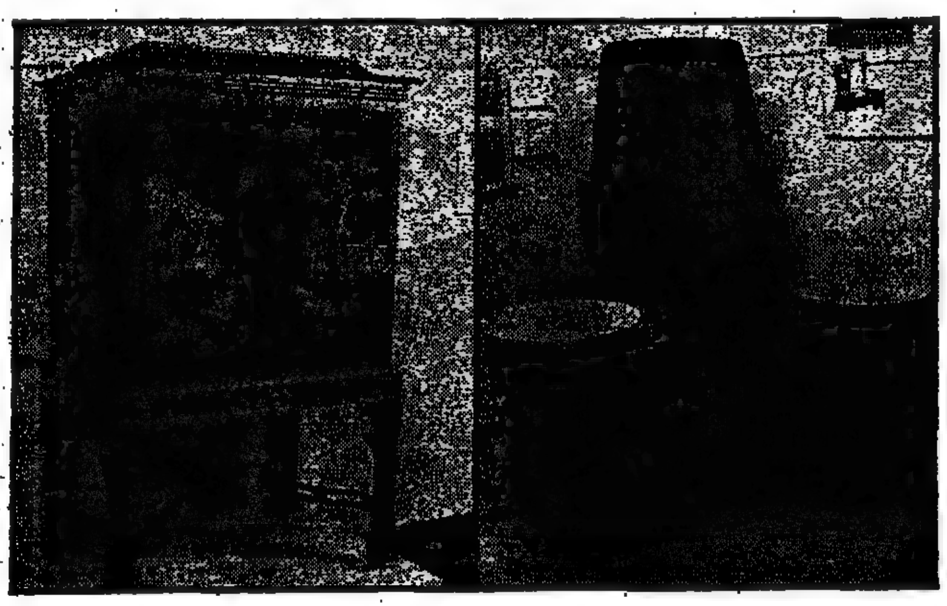
The display is a social history of a trade and its workforce, told through photographs, working and presentation drawings, trade cards, bills, indentures, furniture catalogues and, of course, examples of East End furniture, reproduction and modern.

The exhibits bear witness to a remarkable collaboration between local museum and locality—not just from furniture-makers and their families. Every day bundles of new material dug out from dusty drawers arrive on the curator's desk. No project could be more appropriate to a museum that was established in a group of 18th century almshouses in 1914 to enable East End furniture-makers to study historic furniture styles. (Today the furniture collection is presented in a dolls-house series of seven period rooms, 1600-1930.)

In 1850 Henry Mayhew recorded that 200 miles of new streets had been built in London since 1839, and 6,405 new dwellings erected annually thereafter. As the population increased so did the demand for cheap furniture. Now that timber was imported from the Baltic into the London Docks (the furniture trade no longer destroyed Epping Forest), Shoreditch, Hoxton, and Bethnal Green were well sited for furniture making. In cramped quarters and with few tools, furniture-makers set themselves up as "garret masters", employing up to seven men each. By the 1870s, thousands of workshops honeycombed the alleyways off Curtain Road. East *End had supplanted West End* as the centre of the London furniture trade.

Undercutting West End prices meant sweated labour. Traditional cabinet-making was divided into specialised skills, which would all be carried out on the same premises, while East End workshops tended to produce only part of a piece of furniture, wooden tassles for curtain ties, say, or rims of coffee tables. That way, garret masters could employ cheaper unskilled labour. (From the 1880s the already vast labour-force was swollen by an influx of immigrants, mostly Polish and Russian Jews, many of whom possessed furniture-*making skills.) Despite* the use of unskilled workers, the furniture produced was often extremely accomplished. On show, for example, is a high quality "Chippendale" chair by Z. & R. Pickard of around 1900, unusual in bearing the maker's stamp rather than that of the retailer, and an elaborate "Adams" style commode by Hermann and Phillips of 1920.

The profiteers were the "slaughterhousemen," either retailers who had shops in the West End—such as Maples or Heals, and often bought direct from the garret masters—or wholesalers who had huge warehouses in Curtain Road. Buyers came from across the globe to import their wares. *Furniture* was even made specifically for export, including sideboards that could be folded flat to make a 10 inch package. A godsend to the trade was hire purchase, introduced in the late 19th century but only widespread during the inter-war years.



One of the delights of the show is the increasingly glossy retailers' catalogues, their illustrations potent images of an era. House decorators William Wallace offer, around 1895, "inexpensive artistic (what we would call aesthetic) boudoir furniture" and "artistic cosy corners," while W. Lusty & Sons present the American Lloyd Loom products, having secured the British manufacturing rights in 1922. But what about a 1935 Henry VIII dining-lounge, or a zebra-striped volour three-piece suite for £28.17.6? Smart Brothers show us Carole Lombard and Merle Oberon at home in catalogues that also feature touching love stories where the blissful newly-weds walk off with a van load of Smarts furniture. The firm claims to have furnished a million homes and won a million hearts.

Working conditions gradually improved, and many firms moved to the Lea Valley in the 1930s. Although materials have changed and the trade has become increasingly mechanised, the *East End repro firms* today operate in much the same way as they did 50 years ago, in premises that have barely changed from the last century. What is new are the craftsmen/designer furniture-makers who have colonised the area in the last few years, attracted by cheap rents and specialist suppliers. A selection of their work, one-off pieces and small batch productions, concludes the show. While Mr Rosenberg closed his Old Street workshop in 1985 because of an ageing workforce and vandalism, the trade is still thriving. In 150 years it has come from hawking in barrows from back alleys in Brick Lane to Danny Lane and Glassworks' sand-blasted glass furniture.

The exhibition is sponsored by British Petroleum, DEGW Architecture, Planning and Design, and Hille Ergonom.

**Susan Moore**

## Saleroom

# A Bugatti—for £6m

IT IS only necessary to read the catalogue for Phillips' sale of automobiles on September 16 to understand why cars of a certain age are called "vintage."

The language of the enthusiasts is very like that of wine experts. A 1981 De Lorean has "the necessary credentials for a future classic"; a 1970 Triumph Vitesse convertible is a "grand little car that is appreciating in value as a future classic."

You almost expect to find them lauding the bouquet of the engine or upholstery; and deciding that some smooth, full bodied model has a good nose and will travel well.

Categorisation of motor cars is precise. "Veteran" designates any automobile from the invention of the internal combustion engine to 1919. "Vintage" is strictly from 1919 to 1939; and "classic" anything after that. Some specialists introduce secondary categories: "Edwardian" for cars from 1910 to 1919; and "post-vintage" for 1939 to 1950.

Eligibility for the annual London to Brighton run in November produces yet another category: only veterans built before January 1, 1905 may enter. London to Brighton is still officially known as the "emancipation" run because it was established in November 1896 to celebrate the repeal of the law that required a man carrying a red flag to precede motor vehicles, and the raising of the speed limit from 5 to 12 mph. The run (it is not a race) was revived with press sponsorship at the end of the '20s.

Peter Card, Phillips' car expert, says there are distinct categories of buyers for vintage and classic cars. There are the family men who simply enjoy the luxury of good old cars and the gregarious atmosphere of vintage meetings. Collectors alternatively may buy purely for investment or for the sheer joy of hoarding—some British collectors own old cars by the hundreds.

A few very rich collectors now buy cars by the greatest makers rather as they might invest in fine art; and prices can rival those for great pictures. When Christie's South Kensington sells a Bugatti Royale in November it could realise £6m or more; and even a pre-1914 Rolls Royce Silver Ghost can make £150,000.

The general rule seems to be that the cars which cost most when new still realise the biggest prices.

Some cars that in their own day were reckoned very modest can, however, command comparatively high prices. A 1927 two-door Austin 7 "Chummy" —a square tin box with canvas top, on wire spoked wheels—is *expected to realise* £4,000-£5,000 in next week's sale, even though it has been extensively rebuilt. One of its attractions is that it is convertible—open cars can often make twice the price of their saloon equivalent.

The "Chummy" also boasts an evocative period quality—even a touch of Wodehouse. I remember as a child that my young uncle got in frightful disgrace for rattling around the town in just such a vehicle, in canary yellow. He had bought it from some other giddy youth, rashly squandering all of £12 on it.

A no less evocative car of rather earlier vintage is a 1925 Rolls-Royce 20 hp "doctor's coupe." The car can be described alternatively as a "three-quarter drop head coupe," and it is not quite clear why it is associated with the medical profession. Perhaps the foreshortened passenger space gives it the necessary business-like austerity. Extra passengers could be accommodated in the dickey seat at the back; and it is easy to imagine it racing through Agatha Christie country *with the village policeman hanging* on in the wind. A Rolls is a Rolls, and with an estimate of £20,000 to £30,000 this promises to be the most expensive lot in the sale.

Although rarity either of make or model can be a recommendation to collectors, rarity is not in itself enough; a car that turns up infrequently simply because it was of inferior quality, and so sold badly when new, is still likely to have little appeal to buyers. On the other hand a potentially attractive rarity in Phillips' sale on the 16th is a 1930 Aero, a popular Czech car of the period. This could be the only example to survive in this country.

Many of the cars that arrive in vintage auctions have been restored. Bad restoration is a handicap: good restoration will boost the price of a car—although rarely sufficiently to cover the whole value of parts, labour and love invested.

There is however always a romantic attraction for what are known as "barn discoveries." An example in the Phillips' sale is a 1938 Humber 18 hp saloon, which has not been taxed or used for 23 years. The low estimate of £400 to £600 indicates that it is in fairly rough state after its long hibernation, although the tyres have remained inflated over the years.

It is worth being aware of a special oddity of car auctions. Catalogues often list fewer than half the lots that are actually sold. Peter Card explains that there are always late arrivals for sale, and it is among these that the knowing buyer watches for bargains. Uncatalogued entries in the forthcoming sale, for instance, include a Czech Tatraplan of 1948—an unusual and admired car with a rear engine and very good aerodynamics—which will probably sell for around £3,000.

Phillips' sale on September *16 is at the Shuttleworth* Collection, Old Warden Aerodrome, near Biggleswade.

**Janet Marsh**



# In the wake of Jonah

DISASTER CAN be a silver-lined cloud for a seaside resort. One bleak summer our rocky south Wales coast scuttled a pleasure steamer.

The passengers rescued last by rowing boats had sea lapping their ankles, but nobody drowned. So the holiday-makers sitting bored on the beach did not feel guilty about enjoying the drama. Sightseers from town jammed the country lanes, and the sand dune car-park stayed open late to milk the nocturnal traffic. Busy restauranteurs agreed that wrecks were a boon.

Soon the novelty faded, trade dwindled, and beneath autumn equinoctial tides the steamer disintegrated. On the beach, a guesthouse landlady told me, everyone was collecting brass screws. As scrap they were worth their weight in gold. Through a contact in the village underworld she had acquired a voluminous colander and a mammoth tin of peach halves from the submerged galley. Cheered to learn that the days of plunder were not quite past I went beachcombing with a carrier bag. I found two screws, one of which was bent.

Eventually, the sea-going steamer became sea-gone beneath the winter breakers. Memories of that ship haunted me as I boarded its successor several years later. A family I know had *sailed* on the last voyage of the doomed vessel. When the local press interviewed them they refused to give their children's names. It had been their son's first trip. His name was Jonah.

My daughter being Estella, I had greater expectations. Moderate seas, the shipping forecast promised. *It* was wrong. "Hope you've had your Quells," said the purser. We had not. Away into the grey we steamed, past cage-winged buoys rocking and rolling like heavy metal angels in the swell.

By mid-Bristol Channel the decks were awash with vomit. *But we kept* our breakfasts while all around were losing theirs. We munched chocolate whole-wheats and watched the horizon plunge and soar while a woman beside us wore her sick-bag like a horse with its nose-bag.

Other people's misfortune

caused much merriment. Good sailors entertained their friends by impersonating bad sailors. The most popular spectacle was the elderly lady who sat under a brimming water tank. In distress she hoisted her umbrella. To no avail. People queued to see her deluged every time the boat hit a trough.

England lurched into sight. Almost everyone disembarked gladly at the first port of call; only we hardy few stayed aboard to cruise through drizzle *past Devon's peaks* and wooded valleys. But before that, there was crisis below decks.

It seemed the majority of passengers, now safely ashore, had eaten almost all the hot lunches—many subsequently lost them overboard—before leaving the ship. Rows broke out between people who had ordered meals and those who *pretended they* had done so. A steward with tattooed arms sweated and juggled too few chickens-in-the-basket to satisfy every claim. I settled for more biscuits and a safe retreat.

For the next three hours the pleasure steamer earned its title. Pleasurable it was to steam through quieter waters below verdant cliffs so high you could not judge the scale until binoculars picked out unbelievably tiny people on a beach. Shags skimmed the waves. A ship's engineer emerged on the *starboard* deck to gaze at the coast with the intensity of one seeing it for the first time. His boilersuit had a rip on the hip through which glimmered purple paisley underpants.

Too soon it was time to collect the 300 who had been ashore. Many bore the marks of a day's souvenir shopping. *They* wore red and white peaked caps declaring "I love Devon," with the verb expressed by a heart symbol, and carried polythene walking-sticks stuffed with dolly mixture. Some nursed hot-pink nylon animals of indeterminate species.

Over-tired children became fractious. It struck me that within the crowd you could spot stock characters, the staple of classic films. From the stage-coach kind of western came the legless drunk, and the tart with a heart of gold—or a variation on the theme, in fact, for here were twin good-time girls, clad identically in leather mini-skirts and white cowboy boots, with the wind whipping their hair into meringue peaks.

Ten hours afloat can make you contemplative. All life and death was here . . . I wondered if anyone had ever given birth upon these decks.

Along the Glamorgan coast sprawled a trailer township. I imagined the caravan-dwellers, fed up with the view, longing *for excitement.* I pictured the owners of chip-bars and water-side pubs, dreaming of a disaster to pull the crowds—wrecks, we know, are good for business. Welcome, for once, was the sight of cooling towers and oil farm that heralded home dock.

Next day on the Welsh beach where the sister ship foundered, the sands disclosed their secret. Like an Egyptologist blessed with serendipity, I tripped over it as I walked with my eyes on the smudgy shore of distant Devon. For six autumns it had lain buried—a souvenir Biro from the boat that carried a Jonah.

**Julia Berney**

Arthur Hellyer on a flower we often take for granted

# Hooked on daffodils

OF ALL bulbous plants, daffodils seem to belong most naturally to British gardens. There is nothing obviously exotic about them compared with, say, the vivid colours and flamboyant flowers of tulips. Yet, the daffodils we plant so freely arrived in British gardens *far more recently than* tulips or, for that matter, lilies or hyacinths.

The daffodils which delighted Wordsworth were not the fine varieties we know today but the *kind that grows wild in damp* woodlands and meadows in England and Wales, a plant that can be plentiful in some places but is very scattered in its distribution and is scarcely ever seen in gardens.

Our garden daffodils were created from the mid-1850s on, first by a couple of devoted nurserymen, Peter Barr and William Backhouse, and later by an ever-growing band of enthusiasts. Many of them were amateurs, or at least started like that, but some of them became semi-professional as the demand grew and the profits from successful breeding looked increas*ingly attractive.*

Flower size was increased rapidly, entirely new forms of bloom were introduced, and the colour range extended beyond all possible expectations. The cup (or trumpet) which forms the centre of the daffodil was altered in many ways. It was *made larger or longer*, shorter or smaller, persuaded to become wavy at the edge and even, in our own time, to split into several distinct segments—a development much criticised but one which is becoming steadily more popular, mainly as a cut flower. These varieties are now listed as butterfly or orchid daffodils.

So huge was the change that an entirely new classification had to be devised for the new garden daffodils. It is still in use and is based largely on the size of the cup and its colour, and of the petal-like segments (or perianth) which surround it. The number of flowers carried on each stem also had to be taken into account as well as such features as the obvious relationship to wild species.

All this is reflected in the catalogues of daffodil specialists, in which varieties are grouped according to this quite arbitrary classification. Fortunately for those who know and care little about such matters, most catalogues are well illustrated with pictures which show *very* clearly the different forms of flower available; and garden centres usually display pictures which give an equally good idea of what to expect.

The scale of production has been *enormous. Thousands of* varieties have been registered and it is utterly impossible for more than a tiny percentage of these to be grown for general distribution. A considerably larger number is grown by specialist nurseries for the small but important demand from gardeners who have become hooked by the daffodil and grow it for the perfection of individual flowers which *they may exhibit in competition* with other experts at special shows.

The specialists such as these need no advice from me, but when it comes to advising the public it is rather disconcerting to find there is absolutely no consensus. Glancing down a short list prepared by such a panel of experts, I was amused to see Mount Hood, which I esteem as the most *reliable* white trumpet daffodil, described as "mediocre" and Carlton, which seems to me a very satisfactory yellow narcissus, written off as "dreadful compared with others available."

So, to a very considerable extent I find myself thrown back on my own judgment, restricted necessarily to varieties *I had* actually found satisfactory and which are available readily today. Here is a short list which would not satisfy specialists in search of perfection but which I would expect to please ordinary garden-owners in search of display.

I would choose Dutch Master as a big, all-yellow trumpet daffodil; Mount Hood to match it in white; Spellbinder for its unusual pale sulphur yellow colour; and Trousseau for its

delicate combination of pale yellow trumpet and white perianth. For anyone wishing to include a so-called *pink daffodil*, I would recommend Louise de Coligny as being easy to grow; but the salmon-pink colour is pale and needs cool weather. Hot sunshine will soon bleach it.

For cupped narcissi I would have St Keverne, all in yellow; Ice Follies, white with a big frilly primrose cup; Fortune, orange and yellow; and Barrett Browning, orange-red and white. I would also buy Actaea, which is one of the best of the poet's narcissi with a neat yellow and red eye in the centre of a pure white flower, and also the Old Pheasant Eye narcissi, which belongs to the same group but has its outer segments swept backwards in a very distinctive way and does not start to flower until mid-May. It also has a strong scent; some would say too much so.

I would take a couple of large-flowered double daffodils—the all-yellow Golden Ducat and White Lion, its counterpart in white—and one small *multiflowered double*, the [illegible] and cream Cheerfulness. [illegible] also try to find room for a few of the very early-flowering varieties, especially February Gold with long narrow yellow trumpets; Jenny, which is all white; Tete-a-tete, with two or more little golden trumpets on each stem; and Silver Chimes, with dangling cream and white flowers.

*Daffodils* like fertile, well-propagated soil. They are best planted by mid-October and should be covered with about 2 in of soil.

There is no need to lift and replant daffodils each year; I have some that have been grown in the same place for more than 20 years although, as time passes, the bulb clusters become larger, the *individual* bulbs get *smaller* and flower production declines.

Robin Lane Fox eyes the tired trees littering Britain's landscape

# Common brutes

AS THE farmers start to set fire to fields, you cannot help noticing how tired many of our trees become by late summer. Those which the farmers burn along with the straw will not be rejuvenated, but even without the smoke-clouds there is a *headiness to the hedgerows* which this wet summer has not kept at bay.

A prime culprit is the sycamore. Having felled the last of the removable Leylandii cypresses in my new garden, I now realise that my sycamores ought to be next for the chop. Felled with the conifers, they would bring the season's bag up into the hundreds and earn me a Beaver award for initi*ative as tree-feller of the year.*

In a town, the whole beastly lot would probably have been preserved by a misguided council. Sycamores usually arise by negligence, developing from their own seedlings. They seed themselves enragingly into flower beds, odd corners and the base-line of buildings: as they age, the leaves are a *dull*, dusty green. Sometimes, gardeners take refuge in the related Norway maples, hoping for better things, but I rate trees like Acer Goldsworth Purple almost as low and I blush at my misguided favour for the variegated form, Acer Drummondii. It deceived me with its young growth for a year or two in the mid-1970s, but it is another common brute

Gardening

which has a way of turning up *with purple-leaved trees in the* new prestige gardens which some builders hastily commission round their executive homes.

Could we please have a campaign to promote certain grey-leaved trees instead? The best of them look exquisite in the late summer and none is diffi*cult to grow. I am not thinking* of the weeping silver pear which is so popular nowadays, a lovely tree *but one* which is debased by turning up regardless, whether or not a weeping tree *is* appropriate for the site. Instead, I mean the silver poplar, silver-grey willow and silver lime.

The silver poplars are magnificent performers, but somehow gardeners forget them or *are seduced (again, I have been* guilty) by the pink and yellow markings of the fancy Aurora variety. These pink and yellow markings are prominent only on the tree's young growth and as I soon found, they are gaudy companions for most of our green English landscape. Silver-grey leaves are much more harmonious and the two main varieties are excellent.

The white poplar, Populus alba, is a fluttering pyramid of white woolliness, especially if you choose the Pyramidalis form, which grows like an upright Lombardy poplar with a more generous waistline. I also appreciate its yellow autumn colouring. The other form, Populus canescens, *is more of a* grey-white and has charming catkins in February. Like its close *relation, it has pretty* lobes to its leaves and moves enchantingly in the wind.

Sometimes, I think that the grey willow is even prettier. At maturity it is certainly statelier, because it branches more nobly, but people seem to forget its silver-backed *leaves in* windy and exposed sites and think that it is happy only on wet *soil. It flourishes* there, but it also thrives near the sea on sandy ground and I have never known it to sulk or refuse to grow inland. There are superb old trees in heavy clay soil in Kent and Buckinghamshire, as well as in the wet meadows of Somerset. I am not aware that there is any need to insist on a *special silver form*. Plain Salix alba suffices, another quick-growing tree which will *also root freely* from cuttings. A willow-expert advises me that these bits will root particularly well if planted in the autumn, not just in the spring. Eventually, like the poplar, the white willow towers to a height of 60 feet.

Then there are silver limes. The weeping silver lime sounds *irresistible and there* are moments, especially in midsummer, when I wonder *whether* Tilia petiolaris is not my favourite tree of all. In fact, it is neither truly silver nor truly weeping. The rounded leaves are a dark green on the *surface* and show a silver-white only when the wind blows and turns up their undersides. The branches sweep downwards and the main stem does not droop awkwardly.

Eventually a huge tree, this variety is best seen, semi-silvered, at a distance, not least because of its effect on bees. In late July, *its* scented flowers transport you off to a southern French street with their reminiscent scent. *Unfortunately*, they also transport the bees into some false heaven, causing them to buzz and kick like helpless teenagers at the foot of the tree. As a result, the weeping silver lime is not welcome near a sitting-place.

The bees behave no better on the other silver lime, Tilia tomentosa, but it has the advantage that it grows upright and does not throw its branches sideways. To my eye, the undersides of its leaves are slightly plainer than the weeping form: it makes a magnificent presence in a summer landscape, perhaps best of all in a country pad*dock or hedgerow. Could* we please remember these silver trees, the poplars, willows and limes, when we next try to brighten our country landscape, not least because they are trees which so plainly enjoy the rigours of English country life?

# A drop of real cider

THERE are always plenty of volunteers to help with the *grape harvest.* But at the merest passing mention that the annual batch of cider is about to be made, everyone within earshot wants either to help or to see how it is done. Why?

Well, not all of us have vineyards, even domestic size ones. But many of us who live in the country have orchards or access to apples from other peoples' trees. And once it is discovered that bruised windfalls, and even those apples that have fallen and turned soft and brown, are candidates for the press, there is even more interest taken in this bucolic, most civilised and ancient occupation.

How often have we traversed the countryside to see windfalls lying in the grass to rot and be wasted? Yet, these fallen and forgotten apples are the very ingredients for one of this nation's most delicious *beverages.*

Why, though, are they ignored? It is either because of ignorance, sheer laziness or an attitude that, *through* the medium of advertising, implies: "Why do it yourself? Why *not buy it?*"

The fact is that what you buy in a cider bottle is usually *a travesty of the real thing.*

What do you need to become a cider-maker? Apples, of course: three *full* (washed) fertiliser bags of the fruit will make about 10 gallons of cider —*but the fruit must be juicy.*

What varieties? When I worked in a commercial orchard, a *cider-making* company wanted two-thirds Bramley's Seedlings and a third of any *sweet apples at hand.* I agree totally; Bramleys make wonderful cider, but Cox's alone, for instance, do not.

In reality, though, a blend of any old apples available is all *you need to make fine cider.*

For the "real thing," you will need glass containers ranging from gallon demijohn size up to 10-gallon carboys or even a cask (but not metal unless stainless steel); a pound of domestic white sugar for each projected gallon of juice; a lump of fresh baker's yeast; something to chew-up your apples (a Pulpmaster, with an electric drill to power a spinning blade within a bucket, is one); a press (I made mine, powered by a two-ton car jack, from old hardwood, shed posts); hessian squares or bags within which to hold the pulp in the press; a *fermentation lock* set within a cork for each container; and a certain amount *of elbow-grease* and patience.

An insulated outside shed is the ideal venue for this entire *operation. A cellar, where car*bon dioxide can rest, is not.

Gather your apples, rotten or otherwise, omitting only those that have gone black. Prime your containers with the sugar. Crush the fruit as finely *as you* are able. Then fold the pulp within hessian bags or squares, and press *them. Place the yeast* in a coarse-filtered funnel and allow the juice to pass over it *on its way into the ferment*ation jar.

If your container is not yet *full* and your *apple supply* exhausted, bucket the spent pulp and add water until it *can absorb no more.* Re-press it. Seal the filled containers with a bung and water-filled air lock. *Fermentation* might start in hours or days — depending on temperatures.

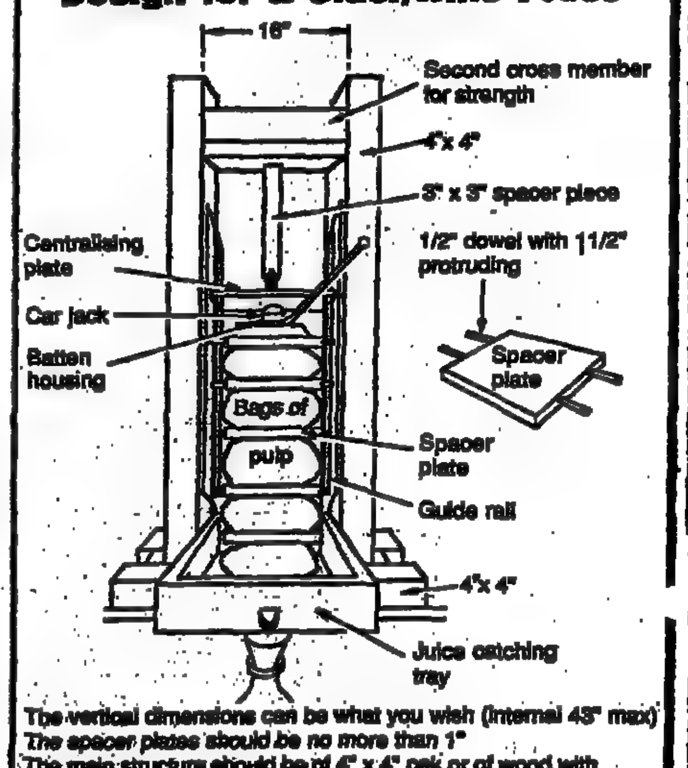
Surround the neck of each container with crumpled newspaper to catch the impurities that will be ejected through the air lock. Keep changing the fouled air locks for rinsed ones until only clear bubbles of carbon dioxide issue forth. Then seal around the cork with pliable wax, if you feel like it, and ignore the entire process until the latter part of the following spring when you can syphon the cider, from above the *dead yeasts, into washed* screwtop litre bottles.

Could anything be simpler or more satisfactory?

Once you have the equipment, a lifetime's enjoyment lies before you—not to mention a *glass or two of one of nature's* purest offerings.

**James Page-Roberts**

Design for a Cider/Wine Press




The vertical dimensions can be what you wish (internal 43" max)
*The spacer plates should be no more than 1"*
The main structure should be of 4" x 4" oak or of wood with similar strength
The jack should have a capacity of 2 tons or more

# Prices continue to ease

THE FALL in prices at London wine auctions which began in 1985-86 continued in the 12-month season that ended recently: a continued easing rather than a slide, not similar to *the mid-Seventies slump* which forced top Bordeaux merchants and leading châteaux *proprietors to unload huge* stocks at Christie's and Sotheby's.

*The prevailing mood is more* of reluctance to pay over the odds for any wine rather than a *rush to sell, plus hesitation in* entering into large commitments. Less wine came into Christie's King Street saleroom in the past year than in the previous one—2,000 lots fewer in a *total* of 12,500. Sotheby's 11,400 lots were down by 400.

The main reason for the continuing drop in prices is the fall in the dollar; not only against the pound, but also the French franc. The fall from FFr 11 to the dollar in early 1985 to about FFr 6 now has created in the US a certain *disillusion* with finer *French* wines, particularly claret, the predominant wine in the saleroom. This has been increased by the high opening prices of the leading growths in recent vintages.

The trend in prices of the 1982 first-growth clarets illustrates this. The vintage was snapped up by the Americans in 1983, and prices reached new peaks by 1985: £680 a case for *Lafite, £715 for* Mouton-Rothschild and £2,750 for Pétrus. Last year, the top figures for them were £800, £660 and £2,100 respectively, although considerably lower prices were also recorded for them. This year they have fluctuated between £440-£500, £500-£560 and £1,700-£2,600.

Not *surprisingly*, Christie's — after an almost unbroken record of growth since they restarted wine sales in 1966—has suffered a reduction in its King Street sold-total, £5.65m to £4.4m. Although the 10 per cent buyers' premium it imposed last September raised the total revenue.

On the other hand, this new premium may have discouraged sellers and buyers at Christie's and assisted Sotheby's, who after two years of falling turnover, had its best season since it began *wine sales in 1979. The* turnover was £3.048m, compared with £2.76m. It *also sold* £248,000 (£77,000) at private sales which Christie's does not record. Christie's also sold a further £1.8m in 10 sales abroad, five of them in Chicago. Although Sotheby's held six overseas sales, *three of them in* South Africa, it does not publish separate figures for these.

As in the previous season, Christie's held 36 sales in King Street but Sotheby's, which has adopted a *policy of fewer but* bigger auctions, reduced the number of its Bond Street sales from 13 to 10. It plans a further cut to eight in the coming sale year.

The third London wine auctioneers, International Wine Auctions, which has no buyers' premium, sold £1,510,000 in its six sales.

*If* claret prices in the saleroom tended to droop, or at best stabilise at 1986 levels, there was no marked movement in other wines of distinction: *burgundies, Rhônes* and German wines. In a volatile market they sold easily enough (Christie's sold about 89 per cent of all lots offered at King St) but without much excitement. Demand for vintage port ended firmer, prices in many cases regaining their 1985 levels; and the shippers' very *high opening offers of* the 1985s caused prices of the declared vintages of the Seventies *to rise.*

Rarities continued to attract high bidders. In December *Christies* secured a record auction room price for a bottle of white wine: £39,600 for an *Yquem* 1784, bearing the engraved initials of Thomas Jefferson. It is one of several that have emerged from a hidden cellar in Paris. Then at a June sale in Vinexpo, Bordeaux, a half-bottle of another Jefferson-initialled bottle — Ch Margaux 1784 — went for FFr 180,000 (£18,000). It was *bought by Marvin Shanken,* publisher of the American *Wine Spectator.*

*Another record* was the £10,100 paid at Christie's in December for a double-magnum of Mouton-Rothschild 1858, while a jeroboam (six bottles) of Pétrus 1945 fetched £7,200. A case of the same wine went for £8,200 at the International Wine Auctions sale in June.

Also in June, Sotheby's sold a collection of single bottles of 15 vintages of Lafite, from 1873 to 1916. The top three prices were £1,650 for the variable vintage of 1877, £1,540 for the no less variable 1887 and £1,430 for the much more esteemed 1899. At the same sale, a bottle of Mouton-Rothschild secured the best *price*, £2,200 for *the* 1859. Earlier at King St, a bottle of Lafite 1832, recently re-corked at the château, fetched £3,200, and a magnum of the Lafite 1848 went for £3,700.

Although the days of unearthed, ancient cellars deep in pre-phylloxera clarets appear to be over, Christie's during the past season disposed of two important French collections. In November it sold the private cellar of the Woltner family at La Mission-Haut-Brion. The sale included 67 vintages of La Mission, from 1888 to 1982, 48 vintages of La Tour Haut-Brion, from 1904 to 1982 and 48 vin*tage of the white Laville Haut*-Brion, from 1934 to 1982. The sale, which included the first Chardonnay 1985 Ch. Woltner in the Napa Valley, made £153,000.

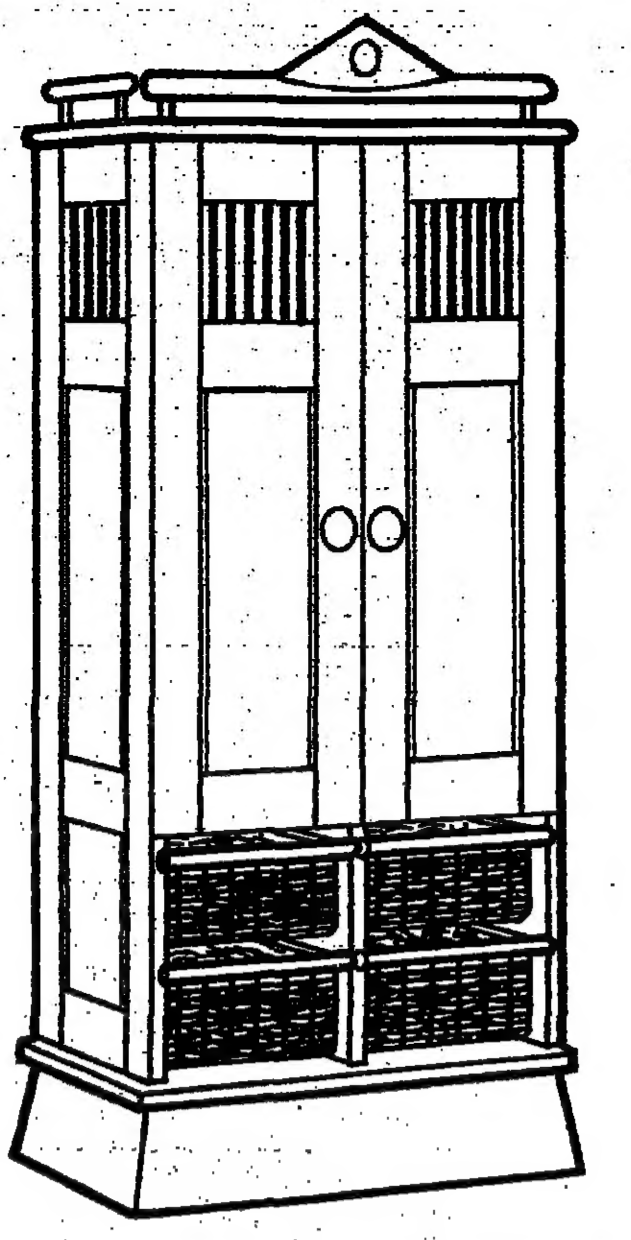
The other cellar came from Biarritz, and consisted of top Bordeaux and Burgundy growths from 1898 to 1926. A *large proportion was in large*-size bottles, with Lafite 1926 in jeroboams and magnums. The total of *this sale was £128,200.*

While the dollar stays at its present level it is unlikely that there will *be any marked* recovery in London auction room prices in the coming season. There *should not be* a further decline either. The rarity seekers will continue to compete with one another, mostly Americans, but also Germans and perhaps Swiss. The British merchants who relied on a brokerage market in top-level Bordeaux and Burgundy for America will continue to have a thin time, but there should be good business for those with customers here, and for private buyers *bidding* on their own account.

There is a great deal of relatively young fine wine on the market, and trade buyers for stock will be cautious, particularly until the quality and quantity of the forthcoming vintage in Bordeaux are known next year. While a poor result might *stimulate interest* in earlier years, only a small, well-above-average one is likely to attract much early *interest.*

**Edmund Penning-Rowsell**

Wine



# Unfitted is more fun

Lucia van der Post

HOW TO SPEND IT

IF YOUR idea of a dream kitchen is lots of fitted units, all matching and gleaming identically in their melamine wraps, then you are spoilt for choice. *Purveyors of* the neat, *seamless*, labour-saving box are out there in their hundreds, ready to supply functional machines for cooking in at the drop of a cheque-book.

If what you're after is something with a little more character, something moulded to your life-style and your personality, a kitchen that looks as if it had evolved gently over the years, then you will have more trouble getting it all together.

You can try to do it the hard, *authentic* way. You can track round the antique shops for old washstands and chests-of-drawers, and put them together with the dresser granny left you. If you're lucky, you'll end up with a kitchen full of charm, if a trifle long on dust-traps and working surfaces at the wrong height. To make it work, though, takes time and patience. By definition, this sort of room does not come off-the-peg.

If you have plenty of time, and a masterly eye, then there is nothing like creating a kitchen that *is all* your own. But if, like most of us, you're short of time and less than certain of your eye, then a handful of specialist companies will come to your rescue.

Smallbone Kitchens, mainly known for pioneering kitchens with specialist paint effects, has got together with designer Johnny Grey to offer a whole new alternative: a collection of individual free-standing pieces of furniture which can be combined in different ways to provide a kitchen that looks like a warm, lived-in room. This is as far removed from the gleaming boxes of the glossy brochures as an old clay cooking pot is from a plastic bowl.

Regular readers of How To Spend It may be familiar with the thoughts of Johnny Grey. *He has been campaigning for* years against what he calls the "systems approach" to kitchens —that is, manufacturers who design kitchens to suit methods of manufacture rather than the wishes of their customers.

Johnny Grey thinks this arid approach leaves most people yearning for something warmer and richer. He is convinced that the way to give them a more satisfying kitchen environment is through finely-made free-standing pieces of furniture tailored around the cook's needs.

The new Smallbone Unfitted range offers some 80 different pieces in three or four different sizes, with a choice of several different decorative details (he believes that decoration, when appropriate, is far from superfluous, but meets a deep human need). There are court cupboards (a combination of larder and ordinary storage), dressers, bookshelves and lockers, chopping blocks and counters, apothecary drawers and plate racks, adjustable shelves and wine racks. Think of a cook's needs, and there'll be a piece to meet it.

There are units to house the inevitable (and essential) hi-tech appliances—for instance, in the photograph below left the fridge is hidden away behind the panelled doors of the central cupboard, while the cooker is tucked into the corner cupboard.

All the pieces have an air of great solidity about them. They are made to specifications *appropriate to hand-built pieces* of furniture rather than to factory-made off-the-peg units. Only natural materials have been used. Tops are either solid granite or wood; chopping blocks are made of solid end-grain maple; interiors are wood-veneered in olive ash. Washing-up basins are in plain white solid porcelain, deep and wide enough to take the largest Aga cooking pan.

Finishes and heights can be varied to introduce visual interest. At the Smallbone showroom at 91 Wimpole Street, London W1, where the new range has just gone on display, there is a kitchen full of mixed finishes. Plain clear ash stands beside washed Mediterranean colours; panels can be plain or patterned. Wherever you look there is something to delight the eye.

If this is a look you like the sound of, go and look at the showroom. Prices, I have to warn you, are not low, but as the pieces are mainly free-standing (cookers, fridges, washing-machines and so on will, of course, have to be connected up in the usual way) I see no reason why you should not look on them as heirlooms that you can pick up and take with you if you move.

For the moment, Smallbone is sadly unable to sell individual one-off pieces. Production is relatively small, and they want to create complete kitchens. Prices for an average-sized kitchen, furnished completely from the new range, including all appliances and installation, will be roughly £17,000 (about 20 per cent more than the average price of Smallbone's current time oak range).

Johnny Grey's designs seem to me to offer the first really new look in kitchens for many a long year. However, they are pieces of personality, and as such they may not appeal to everybody's taste. If you are looking for a similar sort of approach, but prefer more traditional designs, it would be worth taking a look at John Lewis of Hungerford, Berkshire. Here is a specialist kitchen design company that also believes in individuality; suiting the kitchen to the house and the customer.

John Lewis, has been offering his customers, for some time now, a look that combines the warmth and interest of a loosely furnished room with the practicality a proper kitchen needs.

He likes kitchens which look as if they have just happened—wholly uncontrived. He achieves *this by using a combination of* fixed units and free-standing pieces. He ardently believes that sinks, dishwashers and washing machines should be properly housed under a continuous work surface, and fixed to the wall so that nothing leaks or drips. Having deployed the essentials, he then believes in adding atmosphere with "loose" furniture — dressers, cupboards, tables and the like.

He sells a small collection of this furniture, all made from pine, with the clean simple lines that were the hallmark of traditional below-stairs pieces. There is a glass-fronted cupboard, ideal for holding glass and china, there is a baker's table, a large dresser, a mirror, a bread cupboard, a refrectory table and chairs—in other words a large enough selection to enable every kitchen to look slightly different.

John Lewis now has several showrooms where both his fitted kitchens and his free-standing pieces can be seen: Connaught *Street, Hyde Park, London W2*; 8 Upper Borough Walls, Bath; Park Street, and High Street, in Hungerford, Berks; and Hart Street, Henley-on-Thames.

ABOVE: Furniture designed and made of pine by John Lewis of Hungerford. The glass-fronted storage cabinet with cupboards below has all the sturdy appeal of traditional below stairs furniture, £1,295. The baker's table is £645, while the mirror above it is £145.

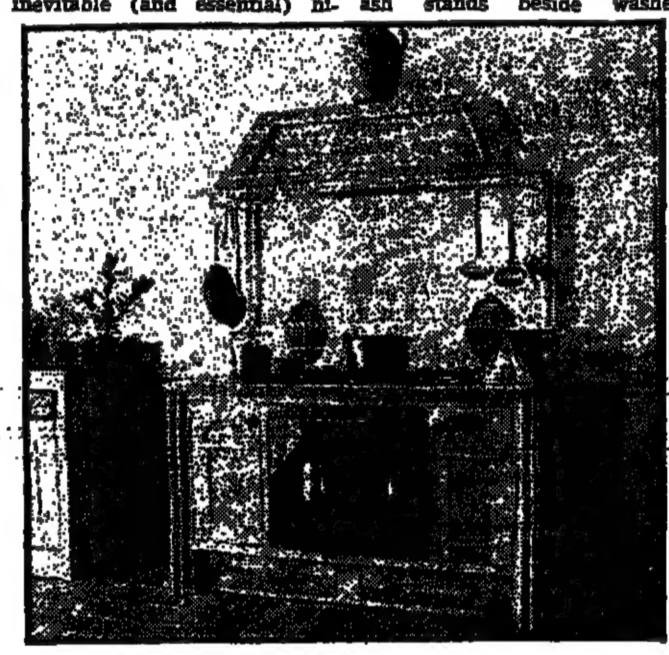
ABOVE: Although John Lewis is often asked for units for the sake of easy storage and ample working surfaces, he achieves a warm, decorative look by breaking up the solid look of fixed units with glass-fronted cupboards, open shelves (like the pot-board in the picture) and finely turned balusters.

ABOVE: Johnny Grey's Tallboy from the Smallbone Unfitted kitchen range—designed for storing dry food and vegetables. In the plinth there is a concealed long drawer while the English willow baskets have wooden frames and can be taken out easily and put on a worktop. The top of the tallboy is shown here with a rolling pin pediment but it could also have another design of pediment or be plain.

FAR RIGHT: A wooden stove, Johnny Grey's reinterpretation of the traditional kitchen hearth. The hob is set into a granite or marble worktop and there is a tiled splashback, drawers below, and an extractor hood with metal bars for hanging kitchen implements.

NEAR RIGHT: A complete kitchen furnished the unfitted way. Note the corner cupboard housing the cooker, the central working counter, and the central cupboard which houses a large fridge.

On the right-hand side of the picture you can see a corner of the central counter —an eminently useful piece in any proper working kitchen. Modelled on the tables that used to be found in large country house kitchens, it has drawers in the side, one or two end grain blocks *for food* preparation, and it can come equipped with sockets to cope with all your electric gadgets. Note, too, the hanging rack (in stainless steel or wood): ideal for storing pots and pans.



# Those frozen wastes

Food for Thought

I AM AS comprehensively ashamed of my refrigerator as I am of my sock drawer. Both, I suppose, make statements about the kind of person I am, but sock drawers matter less. And more things can go wrong in a refrigerator.

Everything starts out by getting popped in there overnight. I am sure man has invented ways of discriminating at a glance between items that were popped in overnight yesterday and things that were popped in overnight last autumn, as Alan Sherman sang:

*"That great big liverwurst has been there since October first and now it is the twenty-third of May."*

So, perhaps you have a Chinagraph pencil on a string by the fridge so as you can mark the container. Container? What container? Often, there are two pig's feet in a transparent plastic bag with a jokey design on it about computer games for children. Or a head of broccoli in a brown paper bag. Does jotting 5/9/87 on it help? I have a feeling that the agreeable discovery "Hey, there's some broccoli here, looks quite good," can be ruined by a date, sowing seeds of doubt over what should be a nice moment.

Of course, broccoli should not be in the fridge, anyway. Broccoli should be on the bush until summoned to the boiling water. But some of us, just sometimes, have to buy it; and if you find you have too much, do you throw it all away? Or turn it into some sort of cooked condition, where it will keep better (or, at least, not advertise *its lack of freshness*) for use in some mousse or fricassee or soup?

I am sure this is, in the end, the right thing to do. The well-run fridge, evidence of a well-run kitchen, is full not of little bags of raw material but of little prepared things—purées and so on.

There's another thing. I suppose we all work on the assumption than anything will keep a bit longer in the cold and, following from that, the colder the longer. The freezer is now indispensable household equipmen for lots of people, enabling them to keep a supply of meat, fish and vegetables in wholesome and edible conditions at all times.

I have a freezer, although I use very little because I live in a part of inner-city London where shops are open till bedtime with all kinds of fresh foods as well as shelveable standbys. My freezer has no portioned-up lamb carcasses, no family-size sacks of cauliflower florets or oven chips. Nor, sadly, do I have sudden surges of freezable garden produce at give-away prices. So, I am not a heavy or even very efficient user of my freezer.

What does make me a bit pompous is when I find people using their freezer as if were a more reliable kind of fridge. There is a kind of approach that goes like this: "On Friday I bought some fresh herrings, intended for Saturday breakfast. Saturday breakfast didn't happen, so if I put them in the fridge we can have them for Sunday breakfast. But if I put them in the freezer, we can have them for breakfast on Tuesday."

No, we can't. If you are going to freeze fresh fish (that is, not already frozen) you should buy it still flipping about on the quayside and freeze it right away and it will be good for weeks. Popping things in the freezer for a day or two because the fridge isn't quite cold enough is something that even I don't do. I don't suppose it is a way to kill yourself but it is a way to give yourself some very unpalatable food. I know *someone who goes to* the butcher on Tuesday and puts the meat in the freezer for weekend consumption. There is no dissuading her.

I used *to run a professional* kichen where you could walk not merely into the fridge but beyond that into the freezer (with special locks to stop you getting locked in and frozen solid). If a lunch was cancelled, someone would be bound to say: "It's only postponed till next Tuesday, you can stick everything in the freezer" and I would wring my hands thinking: "She means well."

Earlier this year, in pursuit of quite another story, I spent *quite a lot of time with the* environmental health department of London's Royal Borough of Kensington and Chelsea. We burst into several restaurant kitchens; and I noticed with particular dread the way the inspectors would pounce on a tin of tomatoes, opened and popped in the fridge. A dangerous habit, I gathered; the tin should always be replaced by a plastic container or even a jam jar. Mind you, how long the jam jar stays there is quite another matter

**Peter Fort**

Cooking

# Vegetable variations

I AM NOT a vegetarian, but I am a vegetable-lover. And at this time of year, as summer draws to a ripe close, there is a spate of marvellous vegetables that are so good and priced so reasonably.

Courgettes often are used to make soups and salads. They are served as a vegetable pure and *simple* with a garlicky tomato sauce. They are stuffed with all manner of mixtures and baked *like miniature marrows*. They can be cut into sticks and deep-fried for a delicious alternative to potato chips. And, of course, it is very fashionable these days to stuff courgette flowers.

Aubergines are associated widely with famous dishes like moussaka, crisp piping hot fritters served with cold, garlicky sauces, and Imam Bayaldi.

Here, then, are some less well-known ways of serving up *these favourite vegetables.*

Anne Morrow

## AUBERGINE MOUSSE WITH PUMPKIN (SERVES 6)

My idea for this recipe was inspired by the Middle Eastern dip which is usually known as poor man's caviare. The mousse is set in individual cocotte dishes which are lined with lettuce leaves. This looks pretty and makes for easy unmoulding. The tender leaves of a butter-head lettuce are best.

Generous 1½lb aubergines; 12 to 18 lettuce leaves; one tablespoon well-toasted pumpkin seeds; lemon juice; sunflower or saffron oil; garlic; gelatine powder; salt and freshly ground black pepper.

Prick the aubergines and cook under a hot grill until the skins are black and blistered and the flesh underneath feels tender. Meanwhile, sprinkle one tablespoon gelatine powder onto two-three tablespoons cold water in a cup and leave to soften and swell. Also blanche the lettuce leaves. Drain and dry well, patting them gently with plenty of kitchen paper.

When the aubergine are cooked, strip off their skins. Put the flesh into a colander, chop roughly with a knife and press with a potato-masher to squeeze out some of the juices. Then, reduce the flesh to a smooth purée in a food processor. Add a garlic clove crushed with some salt, six tablespoons oil, about 1½ tablespoons lemon *juice* and a good grinding of pepper and whizz again.

Lightly oil six x 5 fl oz cocotte dishes and line them with the lettuce leaves, letting some of the greenery overhang the rims. Melt the gelatine, cool it slightly and beat it into the aubergine purée. Season to taste with more lemon, salt, pepper and/or oil as you wish.

Spoon the mixture into the prepared dishes (it will not fill them to the brim) and shake and tap *the dishes to* level *the* mixture. Fold the overhanging leaves over the filling, cover, and chill for several hours until set.

Loosen the mousses with a knife and unmould onto individual plates for serving. Top each mousse with a crunchy sprinkling of toasted pumpkin seeds and serve with warmed oatcakes on the side.

## COURGETTE FILO PIES (makes about 36)

Filled with a hot mixture reminiscent of courgettes a la Grecque, these rich little pastries make a warming appetiser to serve on cool days. They also are excellent served with a salad after bowls of soup for a simple Sunday evening supper.

The triangular pies are a little fiddly but fun to shape and look very professional. They can be made well ahead—in fact, they freeze very well raw. Baking (a quick and effortless job) is best done immediately before serving.

Take 1¼ lb courgettes (weighed after topping and tailing); olive oil and lemon juice; garlic and a small bunch of fresh basil; coriander seeds; salt and freshly ground black pepper; half a packet of filo pastry; butter, preferably unsalted, for brushing the pastry.

First, prepare the filling. Slice the courgettes and sauté them briefly until golden, using a very hot pan and about two tablespoons olive oil. Tip the contents of the pan into a bowl. Season with salt and pepper, some crushed coriander seeds, a couple of finely chopped garlic cloves, two tablespoons or more of fresh torn basil leaves and two-three tablespoons lemon juice. The mixture should be agreeably piquant.

Leave to marinate for a few hours, just stirring occasionally. Then, tip the mixture into a sieve to drain off the juices and add extra seasonings as necessary.

Unroll the filo pastry one sheet at a time, keeping the rest covered with a damp tea towel to prevent them drying out and becoming brittle. Cut the first sheet into strips about three inches wide and 10 inches long and brush on one side only with melted butter.

Put four or five slices of courgette on the buttery side of the first strip, placing them about one inch up from the bottom of the strip and slightly to the left-hand side. Fold the bottom right-hand corner of the pastry diagonally over the filling so that what was the short bottom edge now lies on top of the long left hand edge, making a triangle.

Continue folding the pastry at right angles up the whole length of the strip so you end up with a neat little triangular parcel. Make more little pies in the same way until all the filling is used up.

If the pies are to be frozen or stored in the fridge for cooking next day, pack them carefully into rigid boxes and place protective sheets of greaseproof paper between layers.

To cook, simply brush the pies all over with melted butter, arrange them side by side on baking trays and cook at 350 to 375 F (180 to 190 C) gas mark four or five for 15 to *20* minutes or so until the pastry is golden and crisp. I think it is best to turn the pies over after the first 10 minutes of cooking. If the pies have been frozen, I defrost them before baking.

**Philippa Davenport**

Peter Quennell on life under a merry monarch

# King's man who fell

**CLARENDON AND HIS FRIENDS**
by Richard Ollard, Hamish Hamilton. £15.00, 367 pages.

ON AUGUST 26TH, 1667, Pepys attended his office, and sat with his colleagues discussing "a perticular business all the morning;" but there he also received some dramatic news from Whitehall—"my Lord Chancellor's seal is to be taken away from him today. The thing is so great and sudden that it put me into a very great admiration what should be the meaning of it . . ."

Next day, Mr Pierce the surgeon visited him with further information. "This business of my Lord Chancellors," he assured Pepys, "*was certainly designed in my Lady Castlemaine's chamber*"—that is to say, directly organised *by the influence of the King's* reigning mistress:

"*When he went from the King on Monday morning, she was in bed (though about twelve o'clock) and ran out in her smock into her Aviary looking into White-hall-garden . . . and stood joying herself at the old man's going away!*"

Her jubilation was not unnoticed: for "*several of the* gallants of White-hall (of which there were many staying *to see the Chancellor return*) did talk to her in her Bird Cage," among them the *Marquis de Blanquefort*, a naturalised Frenchman, later Earl of Feversham, "telling *her she was the Bird of* Paradise."

"The old man," victim of this *political drama*, was Edward Hyde, better known as Lord Clarendon, then 58 and Charles II's *faithful Lord Chancellor* since the Restoration. Although they had never been intimate, Pepys *could not help* respecting him; above all else he appreciated the Chancellor's legalistic *intelligence* and *his skill in* exposition. "Endeed," the diarist wrote after sitting beside him on the same committee, "I am mad in love with my Lord Chancellor for he doth comprehend and speak as well, and with the greatest easiness and authority, that ever I saw in my life . . . though he spoke excellent well, yet his manner of doing it, as if he played with and was informing only all the rest of the company, was mighty pretty!"

Clarendon's personal character has often escaped historians; and Richard Ollard, author of this excellent book, was slightly shocked to read a caption, in the Oxford Illustrated History of England, that described him as "Charles II's stuffy Lord Chancellor." Clarendon was never "stuffy" in any sense of that rather foolish word, but "convivial, sociable, cultivated," had a "jolly temper" and in social talk, of which he was very fond, showed at times "a sharp and luxurious fancy."

As a young man, he had been brought up in the school of Ben Jonson, and had known such poets as *John Donne*, Charles Cotton and Thomas Carew; while his closest early friend was "*that incomparable* young man" Lucius Cary, Lord Falkland, whose country house *was a home of the Muses*, where his whole conversation, though often erudite, was "*enlivened and refreshed with* all the facetiousness of wit and good humour."

*Clarendon may have been first* and foremost a lawyer; but he was, at the same time, a master *of modern English prose*; and his autobiography and his History of the Rebellion are both *of them distinguished work*. Like Saint-Simon, he was a brilliant literary portraitist, who devoted his skill to friends and enemies alike. Thus, portraying his arch-enemy Oliver Cromwell, having once admited that "no man with more wickedness . . . brought to pass what he *desired*," *he was ready to con*cede that Cromwell could never have achieved his ends "without *the assistance of a great spirit* . . . and a most magnanimous resolution."

Clarendon and his Friends, which will particularly appeal to those who enjoy reading about the 17th century and the complex details of its social and political background, is an extremely well-written and highly interesting narrative. Clarendon deserved a better *master*. Charles II had many personal assets; but "that which breakes my hearte", his Lord Chancellor confessed in 1662, "is that the same affections continew still, the same lazynesse and unconcernednesse in businesse, and a proportionable abatement of reputation".

When he fell at last, driven out by Lady Castlemaine's *machinations, he bore his exile* bravely; and, although he had many sufferings, as when at Rouen *he was beaten up by a* gang of drunken English sailors, because, they claimed, *he had stolen their naval pay*, he achieved a reasonable degree of happiness, writing, *reading and eating large meals*, which included British beer, Cheshire cheese and the game that reached him from one of his native forests.

Clarendon died at Rouen in 1674; and his body was carried home to be interred beneath the pavement of Westminster Abbey, his coffin being "met by the Dean (in his episcopal habit) and Chapter, who sang him to his grave!" Although his daughter Anne, whom Charles II's brother had seduced and somewhat reluctantly married, had become the Duchess of York, the royal family paid him no kind of valedictory tribute. Nor, we may assume, would he have expected one. He had been a faithful servant of the Stuarts; but he had observed them long and closely enough not to overestimate their virtues.



Roger Taylor

Colin Thubron: novelist and traveller

Colina MacDougall on a journey begun in Peking that led to many questions

# China the hard way

**BEHIND THE WALL: A JOURNEY THROUGH CHINA**
by Colin Thubron, Heinemann. £10.95, 307 pages

**ONE HALF OF THE SKY: SELECTIONS FROM CONTEMPORARY WOMEN WRITERS**
translated by R. A. Roberts and Angela Knox, Heinemann. £11.95, 180 pages

COLIN THUBRON made the ultimate preparation for a trip to the People's Republic. He learned to speak Chinese. In the past few years, hundreds of lone travellers have done what he did—taken a rucksack and perambulated China by bus and third class train — and some have even published books about it. But few penetrated so far below the well-ordered, hierarchical and increasingly affluent surface. Only Lynn Pan's book, The New Chinese Revolution, published earlier this year, is comparable, and she has the advantage of being born Chinese.

Thubron went, he says, with a mixture of expectations built on school memories of alleged Chinese tortures in the Korean war and delicate oriental landscape paintings with waterfalls and twisted pines. He found both torture and beauty, and remained baffled by "this hard land, with its terrible obediences, its mass of unredeemed poor."

If there is one strand which runs through the book — aside from the bleakness and hardship of life — it is the omnipresence of the Cultural Revolution legacy. Everywhere he met people of all ages and *classes whose lives had been* irrevocably altered by it. What struck him, as indeed appalls many *Westerners, though the* Chinese themselves hardly seem to think it odd, is that *this brutal and irrational move*ment was allowed to run its course.

*Is it China's group mentality* which set the scene for that? Are the Chinese by nature inhuman? *How far has the long* history of imperial China moulded the national character, how much *has the grinding* poverty of the past couple of centuries hardened the sensibilities? Thubron has no answer to the questions, any more than he can predict the upshot of the growing cynicism he found about politics or the arrogance and corruption of officials.

This is, of course, a travel book, not a treatise on politics. Thubron's journey began in Peking, took him south to Shanghai and Canton, then west to Kunming and the Burmese border. He turned north to Sichuan and finally to remote Gansu province. His toughness merits respect; he thought nothing of tramping off into the mountains for several days with only a sleeping bag and practically no food.

Not surprisingly, after some weeks he began to feel short-tempered. That is a common complaint among Western travellers in China (and perhaps among Chinese travellers in the West). It seems an inevitable reaction to continuous doses of different cultures. He writes beautifully, but only in passing, about the scenery — the famous gardens *at Suzhou, for instance; or the* Imperial Palace in Peking. His reaction is more to the contrast *between their supposed peace* and the masses tramping through than to their beauty.

*One Half of the Sky (the title* comes from Chairman Mao's words "Women hold up half *the sky*") *is in a different key* from Colin Thubron's book, but it confirms some of his impres*sions. A collection of women's* writings spanning the past 60 years, it is mainly short stories, *from Bing Xin's innocent 1922* account of a lonely child, to the bitter "Because I'm 30 and unmarried" by Xu Naijian from the early 1980s. Xu's piece is remarkable for its unsentimentality, a virtue not always shared by the other stories.

The reminiscence by Ding Ling, one of China's famous pre-war writers, contrasts sharply with the fiction. Confined for political reasons from 1957 to 1978 (she died a broken woman last year), her note on imprisonment in the Cultural Revolution is poignant. Sadly, its propagandist appeals to "believe in the party" show how a brutal system can destroy the most independent spirits.

Younger writers, like Xu, manage to ignore overt politics and concentrate on the social wreckage they cause. These stories do not make great literature, but they give a feel from the inside of life in the People's Republic. With the greater freedom and more critical readership that Peking's reformist policies could bring, these women writers could blossom.

**MYSELF AND MICHAEL INNES**
by J. I. M. Stewart, Gollancz £12.95, 206 pages

# Don and his bloods

I ONCE knew an elderly bookman who collected first editions of detective stories by Michael *Innes*. He had them all, going right back to Death in the President's Lodgings in 1936, *opus one. When, in the early* 1960s, I saw this Innes collection, it was already a long shelf*full with the volumes arranged* in order of publication, the robust pre-war tomes alongside the *painfully slim austerity* ones.

Since then there have been *many more, joined* in 1954 onwards by the J. I. M. Stewart novels. The early books were *written while the author was* a young don in Adelaide; the later ones during his period *as tutor* in English at Christ Church, Oxford, and in his retirement.

Now at the age of 81 he has deemed it time to give his faithful band of readers some *information* directly about himself. He recalls his youth at Edinburgh Academy and as an undergraduate at Oriel in the 1920s. He became a textual scholar on an edition of *Montaigne* in English for Francis Meynell before he became a don; after that he taught literature at Leeds, then in Australia, then back to Oxford, by which time he had a wife and growing family to support. In other words, as we might have guessed from his novels, and his fastidious prose,

J.I.M. Stewart, alias Michael Innes

Mr Stewart's has been a life spent entirely within the groves of academe. He has a donnish irony towards his own career.

I once heard him say that while it was considered respectable to read detective stories it was not considered respectable to write them. Perhaps that is why he tends even here to brush aside his own efforts in this area, though he does have one or two shrewd observations to make about Agatha Christie's technique. He is more forthcoming about his contributions to radio which were quite extensive in the *early days of the Third Pro*gramme. Encouraged by his producer, Rayner Heppenstall (with whom miraculously he seems never to have quarrelled), Stewart wrote Imaginary Conversations on Boswellian and Shakespearian themes, one of which (Mr W. H. is dying in Venice) he prints here in full.

Mark Lambert's Supper, the *first novel Mr Stewart published* under his own name, was written out of a mood of dissatisfaction with Snow's The Masters. He felt it lacked the truly authentic whiff of a Senior Common Room. Taking on the oversize mantle of Henry James (about whom Mr Stewart had written in the Oxford modern literary history) he decided to try to do better.

The result was that connoisseurs' item of modern fiction, A Staircase in Surrey, five consecutive novels in a university setting. This autobiographical volume, somewhat slight and disjointed, complements the quintet. It is High Table gossip at its most entertaining and least malicious.

**Anthony Curtis**

# Wives and Mums

**THE COMPLEAT WOMAN**
by Valerie Grove, Chatto & Windus. £12.95, 293 pages.

*FAY WELDON* was one of 20 women in the public eye, aged between 45 and 80, who talked to Valerie Grove about how they successfully combined work, marriage and a large family. "I think the most important thing is energy and health," she said. "I also think long years of education help . . . The other great truth is of course that money helps."

Many will find this book enjoyable for morsels of gossip about the home lives of the female great and good but as for any secrets to success, Fay Weldon sums them up. There were of course differences between these talented individuals: those who brought their children up almost entirely without paid help (Margaret Forster), those who were able to work with children in the room (Shirley Hughes) and those who used "the cute little *sayings*" of their *children for* copy (Elizabeth Longford). But the parallels between them are more striking. They nearly all achieved higher education with the support of their families and teachers. They then found supportive husbands (essential) and their vocations in life to which they applied themselves with total dedication.

Not for them were the extended months of today's maternity leave. Mary Warnock's children were timed *to be born in the long vacation*, Wendy Greengross was back in her surgery a few weeks after each birth. "I always maintained the same amount of work I would have done if I hadn't had children," says Alison Smithson. Yet it is clear that motherhood *transformed their* lives.

In a way it is fascinating to *find what a great leveller* parenthood is, with the same sleepless nights to overcome and school rounds to organise. Yet what we really want to know about these women is how they apply their minds and administrative powers to their work. When occasionally we are given a glimpse of the work they do, whether through Elizabeth Anscombe assessing herself as a philosopher or Trixie Gardner (Baroness Gardner, dentist and politician) on the consistency of fillings, we see how much more interesting a less domestically oriented book might have been.

**Sarah Preston**

Fiction for the Autumn

# Borrowed plumes

**CHATTERTON, A NOVEL**
by Peter Ackroyd, Hamish Hamilton. £10.95, 234 pages

HOW IF Chatterton, after pretending suicide in *1770*, had lived into middle age and written Blake's prophetic books? He is usually thought to have taken arsenic in a London attic at the age of 18, inspiring Henry Wallis's 1856 painting in the Tate. But Peter Ackroyd merges biography and fantasy when a portrait turns up appearing to show Chatterton, the marvellous boy, at the age of 50.

The novel is about plagiarism, and cuts cinematically from the 18th century into the 1850s and the London of today, to and fro and back again, starting with a one-page preface that lays out the bare facts of Chatterton's short life in Bristol and London and continuing with quick episodic takes from his life, and Wallis's, to be inserted later in sequence. In London today, meanwhile, a failed novelist called Harriet Scrope, all gin and jokes, is mortally afraid that her own youthful plagiarism might be found out, and imagines that the portrait, and some old papers of what looks like Chatterton's *middle*-aged autobiography, may lead her to a bestseller. If writers were light-fingered about literary property 200 years ago, why shouldn't we be?

Life, after all, is imitation, and authorship is a form of life. "Everyone does it," as someone remarks to Harriet when, to her horror, she is found out. But she has her answer ready. It is not where plots come from, she replies in defiance, "it's what we do with them." She had a good style as a young woman and nothing to say, so of course *she stole*. But then what *else* does anyone do, in art or in life? So we can forget the Anxiety of Influence. Henry Wallis paints what is before him, after all, when George Meredith stretches *out* on a bed imitating the dead Chatterton. The real trouble starts only when *life* imitates art.

The prose of Ackroyd's new novel, which follows his prize-winning Hawksmoor by two years, is breathless and rather *given to inconsequence: rather* like Harriet herself, a fantasising drunk who lives with a cat she whimsically calls *Mr* Gaskell. The book is never short of ideas. But it sometimes needs to give its ideas, which have been plucked out of a wide reading of sources, more room to breathe and more humanity to celebrate. The cinematic cuts look like a device for *holding humanity at bay*. The human race is an alarming spectacle, but novelists are supposed to tell us about it, and it *is* provoking to be teased rather than satisfied. When George Meredith, who has sat (or rather lain) for Wallis's historical *painting of the dead Chatterton*, loses his wife to the painter, we are offered only hints of a touching *scene interrupted* before it can take any emotional effect.

*The striking revival of* history in plays and novels recently is not a sign of the *nostalgia-industry* at work. Nobody is nostalgic about Chatterton who, as excerpts *here show, was never a memor*able poet. It is the education-industry that makes people *know a little and makes them* want to know more. The demand for answers is nowadays pro*digious. Chatterton*, like Hawksmoor before it, belongs partly to fiction and partly to faction, as *Norman Mailer once put it*, where fact and fiction mix. It is a flauntingly technique-con*scious book*, like its predecessor, and it informs about fashions in critical theory as well as *18th-century poetry* and Victorian painting. What it lacks, though only narrowly, is a bit *of heart*. The characters are sometimes good enough to provoke interest; but that interest *is never allowed to flutter into* anything more than the most fitful of life. The book is more like a diagram *of* a novel than a novel. Perhaps Peter Ackroyd will *some day grow tired of diagrams, as the Lady of* Shalott did of shadows, and give us the real thing.

**George Watson**

# Group view

**THE BOOK AND THE BROTHERHOOD**
by Iris Murdoch, Chatto and Windus. £11.95. 601 pages.

**THE CHILD IN TIME**
by Ian McEwan, Cape. £10.95 220 pages.

**SERENISSIMA**
by Erica Jong, Bantam Press. £10.95. 225 pages.

**THE DAY OF CREATION**
by J. G. Ballard, Gollancz. £10.95. 254 pages.

DAME IRIS MURDOCH'S twenty-third novel is based on an ingenious idea. The action takes place in an unspecified present, but relates closely to an also unspecified past; a group of Oxford people who have regarded themselves, in a rather innocent manner, as the crème de la crème, are brought together perhaps 20 or 25 years later — initially at a Commem Ball.

In that past they once got together to "commission" one of their number, David Crimond, to write a—no, not a, *the*—book on politics. They had felt that Crimond alone was sufficiently committed and dedicated to left-wing and, indeed, Marxist principles, and that he alone was sufficiently *intellectually gifted, to perform* this task. So, all of them having some kind of money, they decided to pay him a sum large enough, every year, to give him the time to do it.

In the meantime Crimond steals the wife of one of their number, makes no mention of "the book," and outrages their social-democratic principles by what they take to be his endorsement of a one-party state, terrorism, and other revolutionary ideas. Their views *have changed: he seems to have* drifted to the left, while they have drifted to what, in Dame Iris's view, seems to be the alcoholic centre.

When Crimond turns up at the Commem Ball and "steals" the wife (who is represented as sexually bound by him) again, this group becomes concerned to repudiate him. She has previously returned to her husband, although for reasons not specified (so far as I can ascertain) in the novel.

This is fascinating and readable, and of course I cannot possibly give a *fair* résumé of the vastly complicated plot. It is also deeply unsatisfactory. Dame Iris just tells a woman's magazine tale, of murder and frustrated love and fashionable sexual ambiguity, in an appealingly intellectual manner. The plot is absurd. That would not matter; but there is nothing here to justify any method other than that of the conventional realistic novel.

The dialogue is stilted and silly, the set-pieces far too obviously set pieces, the motivations not merely obscure but wilfully recondite. If this is intended as a comedy of manners, then it fails because it is entirely wayward.

*One's credulity is increasingly* strained as one proceeds through it—and there is no *compensation offered* in the sense that any view other than that of conventional realism is *present*. The big *failure* is Dame Iris's inability to convey any real notion of what *Crimond's book (which is* published) is actually like. Everything is an ambiguous and unsatisfactory mess.

The Child in Time is more deeply felt—and less nasty or simply clever — than anything previouly published by Ian McEwan. But the author still cannot do justice, in the texture of his writing — which is cold, descriptive, suspiciously unpoetic—to his feelings. Thus it hovers, with concealed uncertainty, between clinical and often highly effective satire on what is presumably "uncaring Thatcherism" and sentimentality. It make use, and says it makes use, of both the physicist David Bohm's book Wholeness and the Implicate Order (*from* here are derived the tricks with time, so that we are in a present not yet quite come about) and two books about the qualities and magic of children. The plot is deliberately complicated, and is so important a part of the book (as it is revealed) that it would be wrong to disclose it—this is a novel to read and to judge for oneself, and, although I do not like it because it is so doggedly cerebral, I do recommend it for indignation.

I scarcely know what to say *about Erica Jong's Serenissima*. I can happily ignore recom-

Erica Jong: Venetian fantasy

mendations from D. M. Thomas, Fay Weldon and Ken Follet, since I know what I do not like; but Anthony Burgess recommends it "with all my heart." Not head, surely? Serenissima is about a Jong-style heroine who, finding herself in Venice, is "transformed" into a Venetian Jewess of the sixteenth century.

Much light is supposed to be cast on matters hitherto enigmatic in the life of one William Shakespeare, who has come to Venice with the Earl of Southampton to escape the plague. I *cannot think that this* is going to be even a major blockbuster, since it is essentially *so silly* and *so feeble*. Indeed, so much so that I hope I am wrong, and that is I, not *Erica Jong, who has taken tem*porary leave of reality. It has such artless charm and sincerity *that perhaps it is a masterpiece*.

In The Day of Creation J. G. Ballard, certainly one of the *leading six British novelists of* today combines the narrative power of the purely realistic Em*pire of the Sun with the imagin*ativeness of his earlier visionary novels. This doesn't have the sheer savage thrust of Crash, perhaps his best novel, but it is a subtle work on several levels.

It is the study of a visionary doctor, Mallory, who goes to *Africa*, somewhere between Chad and Sudan, to operate a clinic. The clinic soon becomes *defunct*, thanks to war and wickedness; but Mallory becomes obsessed with the *dream of bringing* water to the region.

Then it comes. Perhaps the *cause is natural*; perhaps *it* is natural but strange and not obvious. Ballard keeps this *beautifully* in balance. Mallory, magician of the River Mallory, attracts a number of extra*ordinary* people as he seeks to explore his own creation. Then . . . but any reader will want *to find* out for himself, from a novel that makes most current "science fiction" novels look very silly indeed.

**Martin Seymour-Smith**

# CRIME

**COME AND BE KILLED**
by Elizabeth Ferrars, Collins. £8.95, 173 pages

**A WHIFF OF SULPHUR**
by Gillian Linscott, Macmillan. £8.95, 224 pages

FOR HER 80th birthday dear Elizabeth Ferrars gives a present to us, her devoted readers: this new, fresh, engaging story, Come and Be Killed. Her publishers *announce it as her 60th* novel; it does not betray a moment of sagging invention, *of* relaxed vigilance. A favourite, classic situation: nice girl arrives at the airport and brother is not there to meet her.

The scene is Australia, where the heroine has no acquaintances; but when she takes a taxi to her brother's address, she starts meeting people, several of them distinctly odd. Soon she begins sorting out her situation; and by the time her brother reappears, her life has taken a whole new turn. The narrative unfolds with admirable economy, but with the author's *familiar, welcome*, keen observation of locale and character.

*As you might expect*, an advertised survival holiday attracts a rum bunch of tourist-adventurers (and adventuresses, in the old sense). Gillian Linscott's ex-policeman protagonist Birdie Linnett, familiar from her previous novels, has a hard time coping with them all in A Whiff of Sulphur and lives get lost in the process. The description of the fatal island is enough to make you sign up for a lifetime of Benidorm. But all is absurdly enjoyable in the end.

**William Weaver**

• ARTS •

# All the right movies lionised

## Nigel Andrews reports on the final week of the Venice Film Festival

IN 1987 an amazing sea-change—or lagoon-change—has come over the Venice Film Festival. We all disembarked on the fest-hosting Lido this year fearing a repeat of last year's pandemonium — when hordes of police, security guards and para-military ticket-tackers made it almost impossible to get in to see films which we discovered, once inside, were not worth seeing anyway.

This year the films have been of a quality unsurpassed even by Cannes, and courtesy has been the watchword of festival staff. The old Casino has been fitted out as a luxury cinema for Press screening, and 70 mm and Dolby have been added to the main theatre, the Sala Grande.

As for the movies, what is a critic to do but roll over and purr when confronted with films like David Mamet's *House of Games*, Kwon-Taek Im's *Sibaji* and Ermanno Olmi's *Long Live the Lady*, the collective pick of the festival's second week?

Best of these is the Olmi. The veteran Italian has been planting milestones in the cinema for 25 years now, ever since *Il Posto*. In *Long Live the Lady* he keeps going while taking a change of direction. He turns off the highway of neo-realism into a by-road of satirical fantasy. In a castle-turned-hotel in the Dolomites, a bizarre business banquet unfurls whose guests are like fugitives from a Fellini film, tucking into frog soup and steamed sea-monster (sic) under the gaze of their wizened, wordless hostess.

A respectful squad of hotel trainees, drafted in as waiters, look on. And Olmi develops a ballet of social satire as the unspoiled young dance-attendant on the distinctly spoiled-looking old, and see the rheumatic rituals of wealth and adulthood into which they, too, might some day grow. One boy (Marco Esposito) determines to escape, and thereby hangs what little the film boasts in the way of a conventional tale.

Edited with dancing scissors and wonderfully funny, much of the movie plays as if Jacques Tati had decided to remake Fellini's *Satyricon*. But there are also touches of delicacy all Olmi's own. The oldsters may be caricatures, but the youngsters have the same breath and bloom of life as in his *The Tree of Wooden Clogs*. The camera gazes on secret looks and blushes and frowns, as if only Olmi among grown-up film-makers were initiated into the freemasonry of their inner life.

*

The Korean period drama *Sibaji* also enacts a showdown between codified conduct and spontaneous feeling. A teenage girl is drafted in to provide an heir to a childless couple. But the surrogate mother falls in love with the husband and is loved back. Soon the newborn baby is not the only character screaming. The wife howls with jealousy and the mother with the certain doom of her love. The husband grinds his soul silently, knowing that his passion will soon be milled to dust by the force of dynastic and domestic absolutes. The performances are powerful and director Kwon-Taek Im, a veteran of 70-odd movies (when will Britain see them?), lights and composes the film as if he was taken lessons from Kurosawa.

Playwright David Mamet's directing debut *House of Games* takes us into a different world: big city con men trip the light-fingered fantastic in a dark comedy of Scams. Lindsay Crouse plays the lady psychiatrist drawn into a maze of deceit and counter-deceit in underworld Seattle — its gambling halls and smoky thief-dens—until the film ends in revelation and vengeance. The dialogue is wittily hard-boiled, the acting likewise, and the plot twists are so ingenious that you would not forgive me for revealing them. (So I shall not.)

Elsewhere the festival's staple fare seems to have been comedies of bizarre apprenticeship. Alain Tanner's *La Valleé Fantome* throws an eager young movie acolyte (Jacob Berger) at a 50-ish Swiss film-maker (Jean-Louis Trintignant) and watches the sparks fly on impact: sparks increase when both men fall in love with the same girl (Laura Morante). From the director of *The Salamander* and *Jonas*, there is another picaresque tale fuelled by gallons of high-octane comical-philosophical dialogue —the trio talk from Switzerland to Italy to Brooklyn—but it is wittier than most and more perkily acted.

Other star-crossed apprenticeships travelled the screen with more fitful blaze. In Luigi Comencini's sentimental *The Boy from Calabria* a peasant boy becomes a marathon champ, with a little help from Gian Maria Volonte as the sozzled old school bus driver who trains him. In Stephen Poliakoff's almost certifiably paranoid *Hidden City*, a gallivanting blonde punk (Cassie Stuart) initiates a middle-aged statistician (Charles Dance) into London's buried political secrets and scandals. Russia's own awful-warning political fable *Plumbum*, directed by Vadim Abdrashitov, has a teenage proto-fascist—or neo-Stalinist — recruiting himself into a secret police squad (and nailing his own father). And in Juzo Itami's misfiring satirical thriller *The Taxi Inspector*, the director of *Funeral* and *Tampopo* (Japan's two funniest films of the 1980s) falls foul of a sombrely convoluted plot about a crooked financier and the lady tax-person who first learns all his tricks and then arrests him.

First-time Venice festival director Guglielmo Biraghi has learned all his predecessor's tricks and then surpasses them. This year's *mostra del cinema* was the best-run in years. The much-publicised diminution in budget since 1986 seems merely to have spurred the staff on to extra resourcefulness. There was even a gesture towards deviant ostentation: a Roman-epic-style movie set built on a stage outside the main cinema and comprising a curved classical colonnade which at different times special-effects men would fill with snow, fog or rain. (English critics complained that they got enough of this at home.) This ingratiating folly was Venice's tribute to Cinecitta Studio's 50th birthday, an event also honoured by a movie retrospective.

For once there was no sign of folly, ingratiating or otherwise, in the prize-giving. The jury, instead of going collectively crackers as they did last year at Venice (and this year at Cannes), laurelled — or lionised—all the right movies. The Leone d'Oro placed its golden paw on Louis Malle's moving and evocative picture of a wartime childhood, reported on last week, *Au Revoir les Enfants*. And the runner-up silver lion was shared between the Olmi film and the lone British contender, James Ivory's *Maurice*. *Maurice* grabbed additional prizes for best male acting (James Wilby and Hugh Grant ex aequo) and best music: an embarrassment of riches from a festival which had already made everyone feel like a million.

Scene from Louis Malle's award-winning film "Au Revoir les Enfants"

Alastair Muir

Richard Angas and Edward Byles

# Kabuki comes West

## Max Loppert reviews Stephen Sondheim's 'Pacific Overtures' at the Coliseum

IN *PACIFIC OVERTURES* (1976), which English National Opera (*supported by BHS*) introduced to London on Thursday, the company open a door on a brave new world. A new world of theatrical style (17 male singer-actors and dancers steeped in Kabuki-borrowed techniques, including the appropriation of all female roles, and multiply cast); of musical range and manner (this is not the first Broadway show to be tackled by the Coliseum opera troupe — *Kiss Me Kate* got there first — but it is certainly the boldest of follow-ups).

A new world, no less, of musico-dramatic vision: for this is an elaborately constructed musical, play-with-music, *opéra-comique* — call it what you will, none of the familiar labels and appellations seems wholly exact—in which Stephen Sondheim (music and lyrics) and John Weidman (book) relate a fall-from-Paradise fable with a difference. "With a difference" should, indeed, be taken as the evening's motto: every statement in this subtly and beautifully fashioned piece has its delicately suggested counter-statement, every trick of technical amalgam its courteously proffered mirror image. Ambiguity, subtly disturbing resonances, and wit are rare enough anywhere, let alone in the opera house in the late 1980's; not for this reason alone. *Pacific Overtures* is a brave, happy addition to ENO repertory, and very welcome in London at last.

The nub of the plot is, of course, the opening-up of Japan in the 19th century, and the single historical incident on which it is focussed. "Nippon, floating island" (as the Reciter, narrator and chorus-commentator of the evening, apostrophises it) remained for two centuries a sealed fortress, until in June 1853 four US naval battleships under the command of Commodore Matthew Perry, hovering off the coastline, commenced the process of prising it open.

So at the beginning, in the words of the first song, "Trains are being run/Wars are being won/Things are being done somewhere out there/Not here."

By the close, modern times have been reached, and in a neat (and in the end too flippant and facile) knife-twisting reversal the Japanese empire of motorbikes and transistors is shown to have conquered the world. In between, in an exquisitely calculated non-naturalistic *alternation of dialogue* and 12 numbers, all of it purest and most original marriage of Kabuki and Broadway, Sondheim and Weidman unfold in a series of fan-like panels a vision of the ancient feudal society responding to the encroachments of the grey-faced, matted-haired barbarians.

*Pacific Overtures* is no simple-minded Rousseau recension, no American white-liberal-guilt appeasement. At the side of the orchestral pit a Japanese instrument band (shakuhachi and percussion) reposes, one of the most tellingly economical of the evening's dramatic props; and the quiet, spare sounds produced, then gradually lost, during the show's process of musical and textual westernization does set up an aching awareness of cultural beauty and loss. But there is cruelty, stupidity, lethargy, and social injustice in the closed society; in "Chrysanthemum Tea"—a number in which Sondheim-as-wordsmith shows the greatest post-Gilbertian comic distinction—the malaise of the Shogunate in comprehending the new threat is summarised with hilarious mad formality.

*Sondheim's génie composé has* always been his highly-ordered discipline of form, his ability to tie together intricate verbal rhyme-schemes and asymmetrical phrase-patterns, his *knack of placing number against* number (and against plot) with the skill and patience of a great chess player.

The most gripping numbers—in addition to those already mentioned, I particularly recall "Four black dragons" (the battleship sighting told with an instant Broadway upbeat) and "Please hello," the invaders' farcical multicultural pastiche—touch the nerve of the show's poised disquiet. At other moments, few enough to be sure, Sondheim's *lyrical gifts don't* quite support the ambition of his verbal ones. His Muse *does* sing (the opposite view is frequently aired)—but not freely, unabashedly, with open throat.

No question, though, that *Pacific Overtures* has something important and original to say; and, in my own mind at least, no doubt that an opera company's resources of musical power and energy have discovered genuine new outlets in the score (the main orchestra is enlarged over its Broadway equivalent, there is tactful amplification for the spoken passages). In Keith Warner's production—set (a masterpiece of cool shades and shapes) by Ralph Koltai, costumes (wonderful counterpoints of texture and colour) by Marie-Jeanne Lecca —a spirit of company ensemble shines throughout. The action takes time to get going; the spin of the revolve is clumsily over-employed in the early stages, and at first verbal lines *take a while to disentangle*.

But the artifice-rich melding of styles is in the main sustained with splendid authority and confidence. It's both unfair and hard to single out members and particular roles of the large cast; but Terry Jenkins (as brothel-madam and story-teller), Edward Byles (Shogun's Wife and English tar), Simon Masterton-Smith, Harry Nicoll, Ian Comboy (as a wonderfully bogus Russian admiral), Alan Woodrow, and Eric Roberts claim special notice. The two Japanese plot-pointers, friends who become enemies, are Malcolm Rivers and Christopher Booth-Jones, both first-rate. Graham Fletcher as the dancing Commodore Perry is dazzling. The Reciter of Richard Angas carries the heavy burden well, not superbly (the *conférencier* acidity of Ian McDiarmid in *The King Goes Forth to France* at Covent Garden was perhaps wanted here). James Holmes' musical direction, calm, wise in tempo choice, alert in pacing, sets the seal on the latest notable ENO achievement.

Records

# Choice sonatas & symphonies

**Beethoven: Piano sonatas op.13 (Pathétique), op.2 no. 3 Claudio Arrau. Philips 420 153.**
**Mozart: Piano sonatas K282, K283, K545. Claudio Arrau. Philips 416 830.**
**Beethoven: Symphonies nos. 5 and 7. Concertgebouw Orchestra/Haitink. Philips 420 540.**
**Sibelius: Symphony no. 2. Vienna Philharmonic/Bernstein. DG 419 772.**
**Shostakovich: Symphonies nos. 6 and 9. Vienna Philharmonic/Bernstein. DG 419 771.**

THERE WAS a time during much of the 1970s when Claudio Arrau's piano playing —and especially his Beethoven playing—seemed to become more pedantic and more lugubrious with every passing season. I remember a Beethoven recital some 10 years ago which I could hardly bear to stay to the conclusion of, so full was it of dark, hesitant insinuations in every measure, and of maddeningly un-Beethovenian ritardandi at the end of every phrase—a private audience-excluding exercise, I called it then, in self-absorption.

Miraculously, over the first few years of the following decade, the clouds began to clear—culminating, in my own concert-going experience, with a titanic performance of the Emperor concerto three years ago which confirmed not so much a renaissance as a spectacular return to the Arrau we had known and admired. His new record of two Beethoven sonatas for Philips is further confirmation. The Arrau style, and the Arrau approach to Beethoven, may still be in some degrees an acquired taste: but there is a delicacy, and a freshness, and a closeness of focus to these performances which I find a real delight.

The view of the C major sonata op. 2 no. 3 is serene, but never withdrawn or bloodless: in the adagio especially the simplicity of utterance has a wonderful intensity in which not a colour or contrapuntal strand is missing. Arrau does not achieve, nor evidently *attempts to achieve, anything* like the exquisite virtuoso tour de force which Michelangeli, for example, makes of the finale in his famous performance. But the playing has a visionary grasp, and an intimacy, which is in its own fashion is far more Beethoven, far more authentically in tune.

Arrau gives full weight to the drama of the first movement of the Pathetique without dragging any of its components apart, and delivers the adagio in wonderful, luminous cantabile. The mood is at once vivacious and gravely serious—quintessential musical paradox. There are some quirky emphases in the Rondo finale: but instead of holding back the flow, and turning the focus inward, they seem without exception to be cunningly devised to give the texture lightness in each case, and the impetus extra buoyancy.

Like his Beethoven, Arrau's Mozart sonatas do not form part of any series or cycle but are merely a selection of some half-dozen favourite Mozart sonatas which he recorded in Switzerland two years ago, and have been only now released (K332 and K333 are also available on Philips 416 829). One is struck immediately by the gentle, *lyrical radiance of the performances*, for once complex but uncomplicated — and in each case it is the slow movement to which Arrau gives the closest focus, and which he permits to carry the sonata's principal dramatic weight. It is significant perhaps that he places K282 in E flat—the one sonata which opens unconventionally with an adagio movement—at the centre of his group, and whose quiet, luminous unfolding has marvellous delicacy and presence. Some of the late-romantic pedalling would no doubt have astonished Mozart; but the effect is deft and (to present-day ears) entirely natural, and will offend only the strictest purists.

Haitink's Beethoven record, by contrast, is the first of a projected complete cycle of the symphonies with the Concertgebouw — and surprisingly enough also his first recorded Beethoven cycle with that orchestra in all the 27 years of their association. From the first measures of the first side one perceives all of the most reassuring Haitink trademarks: firm, but loose-limbed and flexible rhythmic movement; splendid clarity of texture; immaculate pacing (especially *of the dovetailing of phrases*, and of the leads into climaxes). The Concertgebouw are on their most robust and responsive form.

Haitink attempts nothing provocative in his interpretations: there is no choice of unusual tempi, no unorthodox emphasis or voicing. He offers us essentially a celebration of Beethoven's two best known symphonies, delivered without pomp or ceremony, and with the greatest humility, *of scrupulous fidelity to the composer's* instructions, superbly crafted. *Like all of his most eloquent* performances, they are not of the sort which invoke easy descriptive verbal labels. (Haitink doesn't like talking about music —"It's such a special art," he said in a recent interview: "You just have to *listen to it*.")

His account of Beethoven's Fifth symphony is a characteristic achievement: lean, brightly coloured, precisely gauged, in its combination of pungency and calm authority, and in its very *lack of intrusive mannerism*, calling to mind the classical tradition still maintained by conductors of a preceding generation like Günter Wand. Perhaps after all the most pertinent comment—as well as the one which Haitink would best appreciate—is to say that in a comparative review of all the currently available versions of Beethoven's fifth and seventh symphonies, I can think of no reason why these two should not be found, on every relevant *count, the most satisfying of all.*

Leonard Bernstein is probably as different from Haitink in his musical methods, manners and inclinations as it is possible for a conductor to be: impulsive, wayward, extrovert—the Bernstein stance on the podium is largely affective: he pleads with his orchestra, fires with sympathy and enthusiasm, coaxes, cajoles. I've always been half surprised that this approach goes down as well as it does with the Vienna Philharmonic—but Bernstein's is a fruitful association which dates back nearly 20 years. It has, it is true, until recently been largely concerned with the Austro-German repertory: but on these two new disks he has also persuaded them to enlarge their traditionally conservative horizons and include two works which they have not only never previously recorded, but which they may well never have included in their programmes before.

Bernstein's Sibelius Second is the first of a projected complete Sibelius Cycle, recorded (like the two Shostakovich symphonies) at a live concert at the Musikverein in Vienna last year. It is broad and wonderfully indulgent—surely the nearest one can get to schmalz in Sibelius without overstepping the mark. I love it, *although anyone accustomed to* the icier crags and vistas of the more familiar Nordic treatment may find the relentlessness with which Bernstein draws the least scrap of melodrama from the score a little unnerving. The Shostakovich symphonies he treats as a pair of contrasting bravura romantic essays—the Sixth a dark and anguished cry from the heart, the Ninth a vivid burlesque. Both in their fashion, are brilliantly effective; and the range and depth of colour which he draws from the Vienna orchestra is a consistent delight.

**Dominic Gill**

Radio

# A fly on the family wall

*Relative Values* (Radio 4, Tuesdays) is not Coward's tedious play but a series of four studies of singular family life. In the first, last week, we visited the 84th birthday party of Mrs Grayson in Leeds. Her late husband, she told us, "never stopped talking" and after a bit she left him, though not before she had had two sons, Peter and Barry. They had unstable marriages too, Peter left his wife and fell in love with Barry's, so seriously that Barry tried to murder him with an iron bar. Peter attempted suicide in his van. Barry made a second marriage with Marie, and Peter with Rose—though they needn't have bothered, for "I've nothing against adultery," says their mother. Now, in their late and middle lives, they live happily together, "like characters in an old Priestley novel," says Michael O'Donnell.

This week's programme brought us Anna and Jeremy, both working in Exeter, at education. Anna had been married before, to Graham, 10 years her senior, by whom she had two daughters. The courts gave her their "care and control" when she divorced him. She then went to live with Jeremy and only agreed to marry him when he got a special licence. The daughters, remembering Graham, disliked Jeremy but got used to him. Anna also collected Joe, one of her pupils who had been unhappy at school. He turned out to be gay, but "it doesn't matter." The girls sleep with their boyfriends at home—"all teenagers sleep with someone somewhere, it might as well be at home." The younger girl is pregnant. Anna and Jeremy are vegetarians and belong to CND. Anna likes to go out cutting the wire at American bases. Not that she thinks it does any good, but it is a gesture. If the Graysons come from Priestley, Anna and Jeremy come from the Guardian.

What I found so remarkable about these scenes was that they were both literary in quality and dramatic in presentation, as if these families thought nothing of a bunch of chaps with microphones and stuff intruding on their confidences. The Radio Times gives no credits except for the producer, Sharon Banoff, so we must believe that we are actually hearing these families talking. Yet genuine or artifact, what is the moral to be drawn?

It would have been too much to expect that *Hess*, a monologue written and performed by Michael Burrell, would not have been brought out on the death of its protagonist. First done in 1981, this is set in Spandau. Hess, addressing the world dramatically in broken English, defends his beliefs, recalls his days with Hitler, tells of his flight across the North Sea and his encounter with the Duke of Hamilton. He goes on for an hour like this, pausing to ask an American guard to let him wear his flying kit. I thought this a superficial piece of work founded on newspaper knowledge only of Hess, and delivered like a Nazi

I must not overlook *The Magic Bathroom* by James Saunders, in which Stan (Michael Tudor Barnes) undergoes an extempore session with his psychiatrist while having a bath. The psychiatrist is not really there, of course, nor are Eric, Derek, Sheila and Lily, who have their contributions to make to the wandering mind. It took me back to Mr Saunders's equally inaccessible *Next Time I'll Sing to You*, the first play I ever reviewed in these pages. It kept my mind off the Gulf for an hour. Richard Wortely directed.

**B. A. Young**

**Chess No. 688**
1 . . . Q-R3? should lose to 2 P-N4 ch, PxP ch; 3 NxP dis ch, P-N4 (if QxQ; 4 N-B6 mate); 4 Q-K8 ch, Q-N3; 5 N-B6 mate.

# Bernstein Prom with ViennaPO

I arrived at Thursday's Prom after a day with the gramophone, and with the sound of Bernstein's two recent records with the Vienna Philharmonic (Sibelius, Shostakovich, see this page) still ringing in my ears —and it was a pleasure to hear that familiar velvet-smooth orchestral sonority again, but this time as large as life.

Sometimes, under Bernstein's generous and unflagging direction, it can seem still larger. Bernstein's response to the late-romantic symphonic repertory in general, and to Mahler in particular, is quite often a little larger than life — and his account on Thursday evening of Mahler's Fifth with the Vienna orchestra was characteristically lush and urgent, unrelenting in its resolve to leave no expressive stone unturned, no heartstring untouched.

For all its occasional inflations—and from time to time, to magical effect, the inflated gesture itself is caught with unerring aim exactly right—there is an instinctive sympathy in Bernstein's conducting of Mahler which can make uncommonly vivid sense of the ironies and contradictions, the complex and many-sided dramas of the music. I loved his way especially with the symphony's vehement second movement—full of ghostly, Scarbo-like apparitions, alive with colour and with moving shadows, almost palpable in its immediacy, a brilliant tour de force.

The adagietto is the sort of Mahler movement which Bernstein can spin out to perfection with one hand tied behind *his back—and enfold closely*, as he did on this occasion, with a heart-wrenching sentiment that somehow miraculously succeeds in avoiding all traces of vulgarity. Nothing ever quite redeems the finale of Mahler's Fifth (Boulez's solution, proposed on impulse at a Prom some years ago, to play the movement at double speed is somewhat extreme, and isn't really the answer). Bernstein pushed the tempo forward firmly to a splendid, radiant climax, without ever really clinching the formal argument. But no matter: what had come before was convincing enough.

Before the Mahler, as a curtain raiser, the orchestra's principal clarinettist Peter Schmidl gave a gentle, sweet-toned performance of Mozart's clarinet concerto whose considerable charm, and elegant phrasing, Bernstein echoed discreetly in his accompaniment.

# New Battersea theatre proposed

PLANS FOR a new £15m theatre in London's Battersea Park have been drawn up by a consortium specialising in cultural exchanges with the Soviet Union. The Entertainment Corporation, a British company, which recently promoted the first UK tour of Kirov Opera, is submitting plans for the theatre and Winter Garden complex to Wandsworth Council.

The local authority, which took over the park following the abolition of the GLC, had sought proposals from organisations building a theatre on the site as part of a £5.5m development plan. The Entertainment Corporation's theatre would include exhibition space, a cafe and bars and daytime provision for the local community. At night the theatre, to be designed by the architect Gar Holohan, would act as a receiving house for major international touring companies, including opera, musicals dance and concerts. Another proposal for a theatre in Battersea Park is expected from an existing theatre management company.

The Entertainment Corporation's theatre, presently represented in a scale model, uses glass and long balconies to suggest a park pavilion rather than a conventional theatre.

**Annalena McAfee**

# WEEKEND FT

SPORT

## Angling/Michael Thompson-Noel

**Fish seem to be getting bigger. Or is it that anglers are getting better?**


# Hooked on some records

THE ONLY macho-sized fish I ever caught was a rainbow trout that I reeled out of Lake Rotorua in the North Island of New Zealand one icicled morning in 1982 when trolling—or something—in the company of this newspaper's most tediously accomplished fisherman, Dalby of the Foreign Desk.

For reasons known to Dalby and to our guide but not to me we had launched ourselves upon the lake in the shattering cold of 7 am. We saw covens of black swans, columns of freezing mist, and the frigid sheen of amethyst glittering in our wake.

None of which fazed Dalby of the Foreign Desk, who was soon hauling in trout promiscuously while I sulked deeper into my cashmere overcoat, watching my line trail hopelessly. Finally Dalby pitied me—handing me his rod when he'd hooked his fifth trout so that at least I reeled the fish in, and technically boated it.

It was the same when I was small. I was given patient tutoring, expensive equipment, plus the juiciest of maggots, yet never caught a thing. Which didn't stop me brooding, as an only child will, on ways to defeat the system—to hit back at this friendless world by discovering a secret stretch of water that harboured a record-sized carp, or perch, or pike, or even a pumpkinseed (*lepomis gibbosus*), though *they* weigh virtually nothing at all.

I never found it. Indeed, in the years since childhood I somehow formed the view that record-sized fish were not caught any more—that because of war, plague, pestilence, pollution, climate and the Common Market, fish were somehow shrinking.

How wrong I was.

How wrong I was shows up graphically in the British Record Fish List for 1987 issued recently by the British Record (rod-caught) Fish Committee of that benign body, the National Anglers' Council (NAC), which tends the needs of Britain's near-4m anglers.

Far from shrinking, fish are waxing — growing mightier and fatter. This is not the whole truth, as I'll reveal in a second, but the fact remains that at a meeting of the committee a few weeks ago, claims for four new British freshwater records were accepted — for a sea trout (20 lbs 2 ozs/9.127 kg), caught in the River Esk, North Yorkshire, 13 months ago; for a pike (44 lbs 14 ozs/20.353 kg) hooked from Ardleigh Reservoir, Essex, on January 4 this year; for an Arctic charr (4 lbs 13 ozs/2.182 kg) hauled from Loch Garry, Inverness-shire, four months ago, and for a tench (14 lbs 3 ozs/6.435 kg), caught in Middlesex 3½ months ago.

At the same meeting the fish committee approved four new records for sea fish, including a sting ray and a lumpsucker.

Of the 31 British freshwater records listed by the committee, 17 were set in the 1980s, eight in the '70s, two in the '60s, two in the '50s, one in the '30s, and one — the granddaddy of them all: a 64 lbs (29.029 kg) salmon caught in the River Tay in Scotland — in 1922.

So . . . fish are getting bigger? Only up to a point, as Peter Tombleson, executive director of the NAC, explains. He has been monitoring records for 30 years, and believes that British angling is in the middle of a cycle.

"We get peaks and troughs," he says. "The present upsurge may be due to the fact that anglers are specialising more, and are getting better at catching big fish. They're using better tackle and techniques, are more knowledgeable, and have a sophisticated attitude. Moreover, they have access today to virtually all the waters that are likely to hold big fish—very few are closed to anglers."

He says there are very few cases of cheating, even though there is a growing tendency among anglers to return big fish live to the water. "Do you mean," I asked, "that someone could catch a fish and then simply feed it up?"

"No," he replied, as though confronted by an hysteric. "What I mean is, if someone is fishing singly they would have to swear an affidavit. We have rigorous checks and balances. Of course they don't feed them up. What might present us with a problem, though, is if someone found a dead fish and claimed it as a record. But they're very honest, anglers."

He believes that the carp and chub records of 44 lbs (19.957 kg) and 7 lbs 6 ozs (3.345 kg) respectively, both from the 1950s, are likely to go at any time, but that Miss G. W. Ballantine's salmon record from 1922 is "the one record that is likely to hold, because the salmon fisheries of this country are simply not what they used to be."

If you want to know what to do if you catch a record fish, contact the fish committee at the NAC, 11 Cowgate, Peterborough, PE1 1LZ (tel 0733-54084).

If you wish to send the fish somewhere, by post or rail, first immerse it in a solution of one tablespoon of formalin to one pint of water. For despatch, wrap it in a cloth wrung in such a solution, seal it in a plastic bag and wrap it in stout brown paper.

If you send it to the NAC, give them your name and address and tell them whether the fish is to be returned. If so, send postage, because the last thing they want on their desks in Peterborough some wet morning is a vanload of dead fish with no return address—whatever its claim to a niche in the record book.

## US Open tennis/John Barrett

# Americans look for a way back

**'Their gloom has not been deeper since 1975 . . . now they have launched a plan to produce champions'**

AMERICAN TENNIS is at the crossroads — or so the officials of the USTA appear to believe. During the latter stages of the 107th US championships, which end tomorrow at the National Tennis Center in New York's Flushing Meadow Park, there has been much discussion about the failure of the American challenge.

As a result, the USTA has launched a national plan to produce champions. To British ears, the story has a familiar ring. It is also one which no one could possibly have predicted would be necessary during the many years of American dominance following the Second World War.

But it is a fact that this year, for the first time since these venerable championships began in 1881 (just four years after the first championship at Wimbledon), there were only four American men and four American women in the last 16—three women, actually, if you remember that Martina Navratilova is a naturalised American (1981) who was born in Czechoslovakia. Never has there been such meagre national representation.

American gloom has not been deeper since 1975, the last time that only four American men reached the fourth round at the US Open. That was the first year when clay courts replaced grass at Forest Hills, the former site of the championships. It was also the year when the victory of the Spanish left-hander, Manuel Orantes, over Jimmy Connors in the final caused another of the four survivors, Arthur Ashe, to forecast that the USTA effectively had delivered the championships into the hands of the Europeans and South Americans.

In view of the present dilemma it is ironic to remember that a former US and Wimbledon champion, Jack Kramer, who served as the executive director of the Association of Tennis Professionals (ATP) from 1972 to 1975, predicted that the move in 1978 to asphalt courts at Flushing Meadow (something for which the American representatives on the ATP board had been pressing) would lead to a return of American dominance.

Although Britain can boast that three women have won Wimbledon since the Second World War, it has become used to the idea that male champions at its native championships are a dying breed, if not totally extinct. (For the record, Fred Perry in 1934, 1935 and 1936 was the last British man to win there.)

The Americans, who have enjoyed so much worldwide success since they first broke into the international scene through May Sutton at Wimbledon in 1905, followed by "Big Bill" Tilden and "Little Bill" Johnston in the 1920s, are much more sensitive about foreigners capturing their national titles, perhaps because it has not happened very often. In 106 years, 18 overseas men have won 28 times. The 100 women's titles (the ladies did not begin until 1887) have gone overseas only 12 times in the hands of six women.

In both categories, incidentally, Britain supplied the first foreign winner—Laurie Doherty in 1903 and Betty Nuthall in 1930—plus one other, Perry (1933, 1934, 1936), and Virginia Wade (1968).

The USTA plans to redress the balance are ambitious and include establishing national coaching and scouting staffs; four main coaching centres and 100 lesser ones; local community programmes to attract youngsters to the game; eliminating national championships for children at 12 and 14; and restructuring national youth teams, which will be given full-scale coaching and competitive opportunities. Again, all this has a very familiar ring to it.

Besides being the spokesman for these schemes, Ashe, the former US Open and Wimbledon champion, has also linked his name with an important initiative among the nation's 30,000 intercollegiate players. The Volvo Tennis Collegiate Series will attempt to attract to some 800 colleges throughout America a new cadre of ambitious young tennis players who, it is hoped, will be prepared to pursue a full four-year course of study leading to a degree, as Ashe himself did at UCLA.

This is a laudable hope but I believe it will prove unworkable because the temptations faced by good young intercollegiate players to drop out and join the professional tour already are irresistible.

Frankly, the whole situation is faintly ridiculous. There is a danger of over-reaction to a problem that does not exist. Doing too much for a small group of selected players could prove counter-productive by sapping initiative — as Britain has found.

Although at the moment there are no obvious successors to Connors and McEnroe, Evert and Navratilova, it is not because of a faulty system. Champions cannot be produced; they thrust themselves above the pack by character, determination and ability.

It so happens that some European players with these qualities have emerged at the top of the game now, just as the French did in the 1920s, the British in the 1930s and the Australians in the 1950s and 1960s. However, there are still 13 American men and 20 American women among the top 50 ranked players in the world and, in time, new champions will emerge.

Mandlikova . . . fine is totally inadequate

Chris Evert's loss to Lori McNeill, the black girl from Houston, has brought home to Americans the fact that a great era has ended. This was the first time in 13 years that Chris had failed to win at least one Grand Slam title, and the first time in 17 appearances at the US Open that she had failed to reach the semi-finals. Only once before in her career had she not reached the same stage in a Grand Slam championship. Apart from Wimbledon in 1983, she had been in the last four on 48 out of 50 occasions, a prodigious record indeed.

In a sense, her very success has limited the future development of women's tennis in America by producing an army of Evert clones, all of whom play safely from the baseline with double-handed backhands. The refreshingly different McNeill, whose relentless attack from the net totally demolished Evert's baseline game as well as her confidence, might set a new standard for the next generation of young American girls.

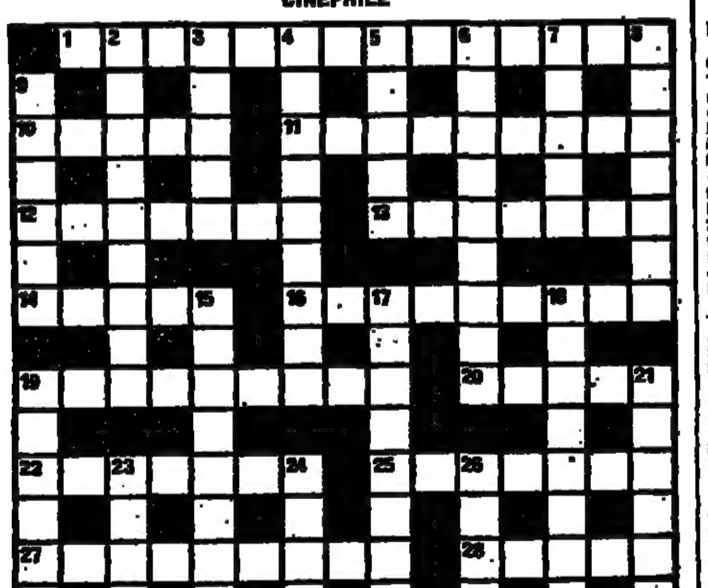
The petulant behaviour of Hana Mandlikova, alongside John McEnroe's totally unacceptable language and attitude to the young Australian umpire Richard Ings, has cast a dark shadow over the affairs of the second week. Mandlikova should have her bottom soundly spanked for using unladylike language, hurling down her racket in temper, and refusing to face the press. The fine of £750 is totally inadequate for a sporting millionairess.

McEnroe's foul-mouthed outburst was beneath contempt. He should be removed from the official game for at least a year; the fine is meaningless.

The worst features of such offences are the effects they will have on young players and on the viewing public, millions of whom will have seen the incidents. The young deserve to be shown that their sporting idols respect the rules of tennis and the code of common decency; the public must be convinced that the professional game is prepared to put its disciplinary house in order.

## FT CROSSWORD PUZZLE No. 6,428

CINEPHILE



*Prizes of £10 each for the first five correct solutions opened. Solutions, to be received by next Thursday, marked Crossword on the envelope, to The Financial Times, 10 Cannon Street, London EC4P 4BY. Solution next Saturday.*

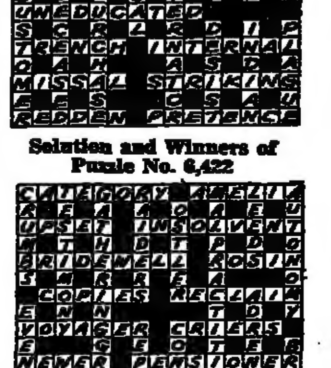
**ACROSS**

1 Translated into French, a bad sign of a killer (3,5,2,4)
10 A very large call to stop (5)
11 Batsman and bowler I am, an' batsman and bowler in between (3,6)
12 Rated me wrongly: I'm not chicken (3,4)
13 See 20 across
14 Be quiet, fairy: where are the books? (5)
16 Soon persuaded: where are the booklets, half-hearted? (9)
19 Potentially soaking away round the world? (9)
20, 24 down, 13 American writer and emperor, all show, possibly (5,5,7)
22 Tool with talons? (4-3)
25 A quiet month produces a spectre (7)
27 Wreck of old car that is nothing without a radiator? (3-6)
28 In a copper illness is a danger (5)
29 Top copper, one among cook and painter (5,9)

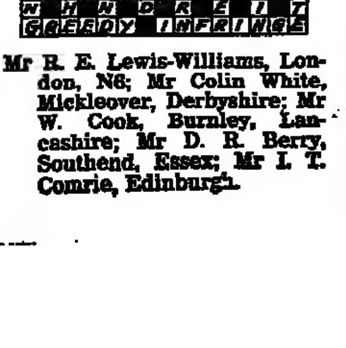
**DOWN**

2 Tile for man where he lives (9)
3 Dip in pub at Henley (5)
4 Philosopher has drink left: he has to get up without it (9)
5 A fool to try and get money from the establishment (5)
6 Frenchman or fabulous stork (4-5)
7 Pest causes a shipwreck (5)
8 Man for job at pit one's disturbed about (7)
9 Greek character, partly Russian, gives a sign (6)
15 Clad in asbestos if upset by correction (9)
17 An end to poetry down under (9)
18 Thrown at Liberal from both, sides? (9)
19 Old chair broken in brief account (7)
21 Plain compiler with hallowed exterior (6)
23 Italian city interchange (5)
24 See 20 across
26 Greek character in final phase (5)

**Solution to Puzzle No. 6,427**



**Solution and Winners of Puzzle No. 6,422**



Mr R. E. Lewis-Williams, London, N6; Mr Colin White, Mickleover, Derbyshire; Mr W. Cook, Burnley, Lancashire; Mr D. R. Berry, Southend, Essex; Mr I. T. Comrie, Edinburgh.

## TELEVISION AND RADIO

### SATURDAY

† indicates programme in black and white

**BBC1**

8.30 am Dudley Do-right. 8.35 Boss Cat. 9.00 It's Wicked. †10.55 Film: "Old Bones of the River" (Will Hay stars). 12.27 pm Weather. 12.30 Grandstand including 12.35 Football Focus; 1.00 News Summary; 1.05 Rallying (World Championship 1,000 Lakes, from Finland); 1.25 Motor Racing (Istel Tourist Trophy Race); 2.00 Racing from Goodwood; 2.05 Eventing (the Burghley Remy Martin Horse Trials); 2.30 Racing; 2.35 Eventing; 3.00 Racing from Goodwood; 3.05 Eventing; 3.30 Golf (the Panasonic European Open); 4.30 Eventing; 4.50 Final Score. 5.05 News. 5.15 Regional programmes.

5.20 Rolf Harris Cartoon Time. 5.45 Telly Addicts. 6.15 'Allo 'Allo! 6.50 Bob's Full House. 7.25 The Russ Abbot Show. 7.55 Casualty. 8.45 News and Sport. 9.00 Last Night of the Proms (with Radio 3). 10.15 Monty Python's Flying Circus. 10.45 Miami Vice. 11.35 Film: "Stardust" starring David Essex, Adam Faith, Larry Hagman, Marty Wilde and Keith Moon.

**BBC2**

2.20 pm Network East. 3.00 No Limits. 4.00 The Sky At Night. 4.20 Three-Day Eventing: The Burghley Remy Martin Horse Trials. †5.25 Film: "The Magnificent Ambersons" starring Joseph Cotten and Agnes Moorehead. 6.50 Newsview. 7.30 Last Night of the Proms (with Radio 3). 8.30 Golf: The Panasonic European Open from Walton Heath Golf Club, Surrey (Highlights of the third round). 9.10 The Film Club. 9.20-1.30 am Tennis: *Ladies' Final of the US Open Championships from Flushing Meadow, New York.*

**LONDON**

6.00 am TV-am Breakfast Programme. 9.25 No 73. 11.00 The Roxy. 11.30 Frocks On The Box. 12.00 The Fall Guy. 1.00 pm News. 1.05 Saint & Greavsie. 1.30 Wrestling. 2.15 Comedy Classic: The Cuckoo Waltz. 2.45 "The Norman Swordsman." 4.35 Cartoon Time: Bugs Bunny. 4.45 Results Service. 5.00 News. 5.05 Blockbusters. 5.35 The A-Team. 6.30 Blind Date. 7.15 Beadle's About. 7.45 3-2-1. 8.45 News and Sport. 9.05 Murder, Mystery, Suspense followed by LWT News Headlines. 10.30 The Dame Edna Experience with Mary Whitehouse, Cliff Richard and Sean Connery. 11.20 Movie Premiere: "Young Doctors in Love." 1.00 am-4.00 am Night Network.

**CHANNEL 4**

9.30 am Listening Eye (with voice-over and subtitles). 10.00 The Home Service. 10.30 Scotland's Story. 11.00 Same Difference. 11.30 Dancin' Days. †12.30 pm Sea War. †1.00 "Broadway Thru A Keyhole" starring Constance Cummings. 2.45 Channel 4 Racing from Doncaster. 5.05 Brookside Omnibus. 6.00 Right To Reply.

6.30 Ourselves and Other Animals. 7.00 News Summary followed by Beyond Belief. 7.30 No Easy Walk. 8.30 Japan. 9.30 Inochi (in Japanese with English subtitles). 10.00 St Elsewhere. 10.55 Australian Rules Football 1987. 11.55 "Winter Of Our Dreams" starring Judy Davis. 1.40 am The Telephone Box.

10.00 am What the Papers Say. 10.15 Valued Opinion. 10.30 A Full Life. 11.00 The Mississippi. 12.00 Sea War. 12.30 pm Scotland's Story. †1.00 Feature Film: "One Way Pendulum," starring Eric Sykes, Jonathan Miller, George Cole, Julia Foster and Peggy Mount. 2.45 Racing from Doncaster. 5.00 Battle For The Planet. 6.00 Right To Reply. 6.30 All Muck And Magic? 7.00 The Dragon Has Two Tongues.

**S4C WALES**

7.30 Newyddion. 7.50 Treialon Cwn Defaid. 8.20 Noson Lawen 1987. 9.20 Y Maes Chwarae. 10.10 Resic. 10.55 Australian Rules Football. 11.55 Feature Film: "Winter of Our Dreams." 1.35 am The Telephone Box.

IBA Regions as London except at the following times:—

**ANGLIA**

11.30 am The Fall Guy. 12.30 pm ALF.

**BORDER**

11.30 am UFO. 12.30 pm Survival. 11.20 T. J. Hooker.

**CENTRAL**

11.00 am Family Feature Film: "Black Beauty," starring Mark Lester and Walter Slezak. 1.05 am Prisoner Cell Block H. 2.00 "Loot," starring Richard Attenborough, Lee Remick and Hywel Bennett. 3.55 Central News followed by Central Jobfinder.

**CHANNEL**

11.30 am Knight Rider. 12.30 pm Survival of the Fittest. 12.59 Today's Weather. 7.15 Channel Report.

**GRAMPIAN**

11.30 am A.L.F. 12.00 Knight Rider. 11.20 pm Duran Duran—"The Making of Arena." 12.20 am Reflections followed by Cricket Results.

**GRANADA**

11.00 am America's Top Ten. †11.30 Saturday Matinee: "The Yellow Balloon" (stars Kenneth More and Andrew Ray). 2.15 pm Easy Street. 1.05 am World Championship Boxing. 1.35 Police Woman. 2.30 America's Top 10.

**HTV**

11.30 am Knight Rider. 12.00 A.L.F. 12.30 pm Starring . . . The Actors (Jack Lemmon). 11.20 Soccer: Bristol City v Bristol Rovers (highlights). 12.05 am Movie Premier: "Young Doctors in Love."

HTV Wales—As HTV West except:—11.20 pm-12.05 am Rugby (Aberavon v Llanelli).

**SCOTTISH**

11.30 am America's Top Ten. 12.00 Highway to Heaven. 1.00 Late Call.

**TSW**

11.30 am Film: "The A Team." 5.05 pm Newsport. 5.10 The Smurfs. 5.40 Gus Honeybun's Magic Birthdays. 5.45 Champion Blockbusters. 1.00 pm Postscript.

**TYNE TEES**

11.30 am "Stunts." 1.05 am Epilogue.

**ULSTER**

11.30 am Feature Film: "The Yellow Balloon," starring Kenneth More and Andrew Ray. 1.03 pm Ulster News. 4.55 Sports Results. 5.03 Ulster Newstime. 9.02 Ulster Newstime. 11.20 T. J. Hooker. 12.20 am Ulster Newstime.

**YORKSHIRE**

11.30 am "The Life and Surprising adventures of Robinson Crusoe." †1.20 pm Movie Premiere: "The Double Man," starring Yul Brynner and Britt Ekland. 1.10 am The Saturday Late Film: "The Black Windmill," starring Michael Caine, with Janet Suzman, Donald Pleasence and Joss Ackland. 3.10 Jobfinder.

(S) Stereo on VHF

**BBC RADIO 2**

8.05 am David Jacobs. 9.00 Sounds of the 60s. 11.00 Michael Aspel. 12.00 Digging For Gold. 1.00 pm Ken Dodd's Palace of Laughter. 1.30 Sport on 2 including: Football; Racing from Doncaster; Golf (Panasonic European Open); Cricket (Britannic Assurance County Championship); Tennis (US Open Women's Final) plus the rest of the weekend's sporting news. 5.00 Sports Report (Classified results). 6.00 The Match Play Quiz. 6.30 That's Showbusiness. 7.00 ABC Quiz. 7.30 British Bandsman Centenary Gala Concert. 9.30 String Sound. 10.05 Martin Kelner. 12.05 am Metropole Orchestra. 1.00 Patrick Lunt presents "Nightride." 3.00-4.00 A Little Night Music.

**BBC RADIO 3**

7.00 am News. 7.05 Morning Concert. 9.00 News. 9.05 Record Review. 10.15 Stereo Release. 11.30 Chicago Symphony Orchestra. 1.00 pm News. 1.05 Mikhail Pletnev piano recital. 2.10 Reading. 2.15 Maria Callas singing the title role in Bizet's "Carmen." 5.00 Jazz Record Requests with Peter Clayton. 5.45 Critics' Forum. 6.35 Beethoven. 7.05 Literary Giants. 7.30 *Proms 87: The Last Night, part 1* (simultaneous broadcast with BBC2) Walton (Spitfire Prelude and Fugue), Liszt (Piano Concerto No 1, with Kun Woo Paik), Bernstein (Symphonic dances from West Side Story). 8.30 Arne's Way (moments from the life of Thomas Arne). 9.00 Proms 87. Part 2 (simultaneous broadcast with BBC1). Smetana (Overture: The Bartered Bride), Tchaikovsky (Joan of Arc's Farewell, with Felicity Palmer), Arnold (English Dances Set No 2), Elgar (Pomp and Circumstance March No 1), Henry Wood (Fantasia on British Sea Songs), Arne (Rule Britannia!), Parry orch Elgar (Jerusalem). 10.15 Rubbish. 10.35 A Concert in the General's Tent. 11.00 Villa-Lobos and Roberto Gerhard, piano recital by Philip Martin. 11.40 Music and Sweet Poetry (Madrigals by Byrd). 11.57-12.00 News.

**BBC RADIO 4**

7.00 am Today. 9.00 News. 9.05 Sport On 4. 9.30 Breakaway. 10.00 News; Loose Ends. 11.00 News; Conference Special. 11.27 From Our Own Correspondent. 12.00 My Hero (S). 12.25 pm Radio Active's Sunday Programme (S). 12.55 Weather. 1.00 News. 1.10 Any Questions? 1.55 Shipping Forecast. 2.00 News; Second Edition. 3.00 News; The Afternoon Play (S). 4.30 Science Now. 5.00 The Living World. 5.25 Delve Special.

5.50 Shipping Forecast. 5.55 Weather. 6.00 News, including Sports Round-up. 6.25 Stop The Week (S). 7.00 Saturday-Night Theatre (S). 8.15 That Learned Gentlewoman. 8.30 Baker's Dozen (S). 9.30 Thriller! 9.50 Ten To Ten (S). 9.59 Weather. 10.00 News. 10.15 The Village. 10.30 The Wordsmiths of Gorsemere (S). 11.00 Even Looser Ends. 12.00-12.15 am News.

### SUNDAY

† indicates programme in black and white

**BBC1**

8.55 am Play School. 9.15 Articles of Faith. 9.30 This is the Day. 10.00 What On Earth . . . ? 10.25 Only Time Would Tell. 10.55 The Wooldridge View. 11.45 Look Stranger. 12.10 pm See Hear. 12.35 Farming with Les Cottington and Philip Wrixon. 12.58 Weather for farmers. 1.00 This Week Next Week.

2.00 EastEnders. 3.00 Film: "Heavens Above," starring Peter Sellers, Cecil Parker and Eric Sykes. 4.55 Our House. 5.45 Vanity Fair. 6.15 Lifeline. 6.25 News; Weather. 6.40 Songs of Praise. 7.15 Three Up, Two Down. 7.45 Howards' Way. 8.35 Bread. 9.05 Blat. 10.30 News. 10.45 Heart of the Matter. 11.20 Seventy Summers. 11.50 Network East.

**BBC2**

1.30 pm Sunday Grandstand including 1.35 Golf (Panasonic Open); 2.00 Cricket (Refuge Assurance League); 3.30 Golf; 5.00 Cricket; 6.30 Eventing (Burghley Remy Martin Horse Trials). 6.50 It's Garry Shandling's Show. 7.15 Slim Hewitt: "The Man Who Set The Camera Free." 7.50 The Great Philosophers. 8.35 Tennis: Men's Final of the US Open Championships from Flushing Meadow, New York. 12.00-12.45 am Golf (highlights).

**LONDON**

6.55 am TV-am Breakfast Programme. 9.25 Wake Up London. 9.35 Sunday At No 73. 10.00 No 73. 10.30 The Adventures of Black Beauty. 11.00 Morning Worship. 12.00 Educating Britain. 1.00 pm LWT News Headlines followed by Police 5. 1.15 Link. 1.30 Aids. 2.00 The Human Factor. 2.30 International Athletics. 4.30 Knights Of God. 5.00 Bullseye. 5.30 Sunday Sunday. 6.30 News. 6.40 Highway. 7.15 Child's Play. 7.45 The Last Frontier. 9.45 News. 10.00 The New Statesman. 10.30 Struggle For The Pole. 11.30 LWT News Headlines followed by ITV Schools: Thirty Years On. 12.00 American Documentary. 12.30 am Mary. 1.00-3.15 Night Network.

**CHANNEL 4**

9.25 am Rat Gaye (with English subtitles). 10.00 Equinox: You Want Bells On It? 11.00 The Waltons. 12.00 Network 7. 2.00 pm Chips' Comic. 2.30 "Duel In The Sun," starring Jennifer Jones, Gregory Peck and Joseph Cotten. †4.55 "Ella Goes To Hollywood." 5.15 News Summary followed by The Business Exchange. 6.00 American Football. 7.15 Battle For The Planet. 8.15 Helen Chadwick: Of Mutability. 8.45 The Flood. 9.15 Doris and Doreen. 10.35 "The Bride Wore Black," starring Jeanne Moreau.

**S4C WALES**

10.00 am No Easy Walk. 11.00 The Waltons. 12.00 Network 7. 2.00 pm Juno and Avos. †3.45 Scales of Justice. 4.15 Equinox. 5.15 Business Exchange. 6.00 American Football. 7.20 Newyddion. 7.30 Caryl. 8.00 Darlithoedd Y Pentan. 8.30 Cwlwm. 9.00 Dresdner Musikfestpiele. 9.50 St Elsewhere. 10.50 Feature Film: "Bad Day At Black Rock."

IBA Regions as London except at the following times:—

**ANGLIA**

9.25 am Sunday At No 73 followed by Elmer Fudd. 9.35 He-Man and the Masters of the Universe. 1.00 pm Link. 1.15 Sky High. 1.25 Weather Trends. 1.30 Farming Diary. 5.00 Man In A Suitcase. 6.00 Bullseye.

**BORDER**

9.25 am Cartoon. 9.35 He-Man and the Masters of the Universe. 1.00 pm Farming Outlook. 1.30 Border News. 1.35 Cartoon. 1.45 Link. 5.00 Highway To Heaven. 6.00 Bullseye.

**CENTRAL**

9.25 am Cartoon. 9.35 He-Man and the Masters of the Universe. 1.00 pm Central Post. 1.10 Central News. 1.30 Here And Now. 5.00 Highway To Heaven. 6.00 Bullseye. 6.35 Central News. 12.00 Prisoner Cell Block H. 12.55 am Donahue. †1.55 Thriller Classic: "Suspended Alibi" starring Patrick Holt and Honor Blackman. 2.45 Central News followed by Central Jobfinder.

Prunella Scales and Patricia Routledge in "Doris and Doreen," Ch.4, 9.15 pm

**CHANNEL**

9.25 am Today's Weather. 9.26 Starting Point. 9.30 Felix the Cat. 9.35 He-Man and the Masters of the Universe. 1.00 pm Link. 1.15 Les Francais Chez-Vous. 1.30 Farm Focus. 4.30 Bullseye. 5.00 Knights of God. 5.30 Sunday Sunday.

**GRAMPIAN**

9.25 am Cartoon. 9.30 He-Man and the Masters of the Universe. 11.00 Horses For Courses. 11.30 Inquisition. 1.00 pm Farming Outlook. 1.30 Link. 1.45 Spacewatch. 5.10 Scotsport. 6.00 Bullseye. 12.00 Reflections.

**GRANADA**

9.25 am Cartoon. 9.35 He-Man and the Masters of the Universe. 1.00 pm Members Only. 1.05 This Is Your Right. 1.35 Aap Kaa Hak. 1.40 Link. 5.00 The Love Boat. 6.00 Bullseye. 12.00 Just Jazz (Charlie Byrd).

**HTV**

9.25 am Sunday at No 73, followed by Cartoon. 9.35 He-Man and the Masters of the Universe. 1.00 pm HTV News. 1.05 Farming Wales followed by Weather for Farmers. 1.35 Cartoontime. 1.45 Link. 5.00 Highway to Heaven. 6.00 Bullseye. 6.35 HTV News. 12.00 Portrait of a Legend (Eddie Rabbitt).

**SCOTTISH**

9.25 am Sunday At No 73 followed by Elmer Fudd. 9.35 He-Man and the Masters of the Universe. 11.00 The Glen Michael Cavalcade. 1.00 pm Canadian Documentary. 1.30 Adventurer. 2.00 The Gods of War. 5.00 Scotsport. 6.00 Bullseye. 12.00 Late Call. 12.05 am Tales From The Darkside.

**TVS**

9.25 am Look And See. 9.35 He-Man and the Masters of the Universe. 1.00 pm The South West Week. 1.20 Farming News. 1.45 Link followed by South West Link. 4.30 Gardens For All. 5.00 Knights of God. 5.30 Looking Back with Kenneth Macleod. 6.00 Bullseye. 6.35 TSW News. 12.00 Postscript Postbag.

**TYNE TEES**

9.25 am Hello Sunday. 9.35 He-Man and the Masters of the Universe. 1.00 pm Farming Outlook. 1.30 How The Camel Got His Hump. 1.45 Link. 5.00 Who's The Boss? 5.30 Northern Life Sunday Edition. 6.00 Bullseye. 12.00 Epilogue.

**ULSTER**

9.25 am Cartoon Time. 9.35 He-Man and the Masters of the Universe. 12.58 pm Ulster Newstime. 1.00 Ask Anne. 1.30 Farming Ulster. 1.58 Farming Weather. 5.00 The Fall Guy. *6.00 Bullseye. 6.35 Ulster Newstime.* 9.57 Ulster Newstime. 12.00 Sports Results. 12.05 am The Crazy World of Sport. 12.30 Ulster Newstime.

**YORKSHIRE**

9.25 am Cartoon Time. 9.35 He-Man and the Masters of the Universe. 1.00 pm The Smurfs. 1.30 Farming Diary. 5.00 Randall and Hopkirk (Deceased). 6.00 Bullseye. 12.00 A.I.D.S. 12.30 am Five Minutes. 12.35 Jobfinder.

(S) Stereo on VHF

**BBC RADIO 2**

7.30 am Roger Royle says "Good Morning Sunday." 9.05 Melodies for You. 11.00 *Desmond Carrington* with your Radio 2 all-time greats. 2.00 pm Stuart Hall's Sunday Sport (Medium Wave only). 2.00 Benny Green (VHF only). 3.00 My Fifty Fretting Years with guitarist Ivor Mairants (VHF only). 4.00 Serenade (VHF only). 4.30 Sing Something Simple (VHF only). 6.30 Charlie Chester with your Sunday Soapbox. 7.35 Ivor. 8.30 Sunday Half-Hour. 9.00 Your Hundred Best Tunes. 10.05 Songs from the Shows. 10.45 John Vallier at the Piano. 11.00 Sounds of Jazz with Tony Russell. 1.00 am Patrick Lunt presents "Nightride." 3.00-4.00 A Little Night Music.

**BBC RADIO 3**

7.00 am News. 7.05 Mendelssohn chamber music. 8.00 World Service News. 8.10 Dennis Brain (mono records featuring the horn player in Schumann, Berkeley and Mozart). 9.00 News. 9.05 Your Concert Choice. 10.45 Prom Talk Extra. 11.15 Chilingirian String Quartet. 12.40 pm BBC Philharmonic Orchestra: Strauss (Till Eulenspiegel), Mozart (Violin Concerto No 3, with Manoug Parikian), Tchaikovsky (Romeo and Juliet). 1.45 Villa Lobos recital by Serenata with Jennifer Smith (soprano). 2.25 The Saga of Eyrik (monologue by Charles Lewsen). 3.15 Beethoven in Vienna. 4.45 I Will Awake The Dawn. 5.30 In Order To Form A More Perfect Union. 6.20 Smetana String Quartet. 7.10 In Search of a Better Past. 7.30 "The Ring" from Munich: Wagner's "Das Rheingold" recorded at the Munich National Theatre last March on the opening night of Nikolaus Lehnhoff's new production. 10.00 Debussy and Nicholas Maw, piano recital by Klara Kormendi. 10.40 Music and Sweet Poetry (madrigals by Gibbons). 11.00 Bournemouth Sinfonietta plays Mozart.

**BBC RADIO 4**

7.00 am News. 7.10 Sunday Papers. 7.15 On Your Farm. 7.40 Sunday. 8.50 The Week's Good Cause. 8.55 Weather. 9.00 News. 9.10 Sunday Papers. 9.15 Letter from America by Alistair Cooke. 9.30 Morning Service. 10.15 The Archers. 11.15 News Stand. 11.30 Pick of the Week (S). 12.15 pm Desert Island Discs (S). 12.55 Weather. 1.00 The World This Weekend. 1.55 Shipping Forecast. 2.00 Gardeners' Question Time. 2.30 Globe Theatre (S). 4.00 News; Enterprise. 4.30 The Natural History Programme.

5.00 pm News; Down Your Way. 5.50 Shipping Forecast. 5.55 Weather. 6.00 News. 6.15 More Wrestling than Dancing. 6.30 International Assignment. 7.00 The Count of Monte Cristo by Alexandre Dumas (S). 8.00 A Good Read. 8.30 The Cross and the Crescent (S). 9.00 News; The Marxist Mandarin. 9.59 Weather. 10.00 News. 10.15 Maria Callas (S). 11.00 Seeds of Faith. 11.15 John Morgan on Money. 11.30 RSC in Repertoire. 12.00-12.15 am News.